



Town of Hilton Head Island FINANCE AND ADMINISTRATIVE COMMITTEE MEETING Thursday, May 29, 2025, 2:00 PM Minutes

Call to Order

Chair Brown called the meeting to order at 2:00 p.m.

Committee Members Present: Alex Brown, Chair; Patsy Brison, and Melinda Tunner

Other Members of Town Council Present: Steve Alfred

Adoption of the Agenda

Ms. Brison made a motion to adopt. Ms. Tunner seconded. Motion carried 3-0.

Approval of the Minutes

Regular Meeting Minutes of April 29, 2025

Ms. Brison made a motion to approve. Ms. Tunner seconded. Motion carried 3-0.

Presentations

Town of Hilton Head Island FY2025 Monthly Financial Update – Adriana Burnett, Finance Director

Adriana Burnett addressed the Committee regarding the item with the following information.

Monthly/Year to Date-4/30/2025

General Fund:

- Revenues collected in April totaled approximately \$9.5M, compared to \$5.9M in April to the previous fiscal year. Top revenue sources included \$5.3M in business license fees, \$2.6M in Local Accommodation Tax and \$346K in interest earned.
- Fiscal year 2025 year-to-date revenues are 12% higher than fiscal year 2024, excluding transfer-ins.
- Expenditure for April is \$4.8M, compared to \$4.2M in April of the previous fiscal year. Top uses of funds included \$3.5M in personnel expenses and \$1.2M in overall operating expenses and \$180K in affiliated agencies reimbursements.
- Fiscal year 2025 year-to-date expenditures are 6.0% higher than fiscal year 2024, excluding transfers-out.

Capital Improvement Program Fund (CIP)

- Revenues for April were approximately \$471K primarily from: \$250K in Sunday Liquor Permit Fees and \$174K in CDBG grant reimbursement. Revenues collected were 14% lower compared to April of the previous fiscal year 2024.
- Expenditures for April totaled approximately \$1.8M, including \$525K on Park Improvements, \$600K on Roadway Improvements and \$352K on Beach Improvements.

Last fiscal year April's expenditure totaled \$1.5M, indicating a 15% increase, primarily due to vendor payment timing.

- Year-to-Date expenditures, including encumbrances, represent approximately \$38.7M, leaving a remaining budget balance of \$50M. A significant portion of the remaining balance is attributed to the \$16.5M budgeted for the Beach Renourishment Program. A budget amendment for Land Acquisition of \$5.9M is included in the FY2025 Land Acquisition & Administration Approved Budget total column.

DEBT SERVICE FUND

- Top sources of revenue for April include \$131K in property tax and \$53K in interest earned.
- Expenditures for April included \$1.3K in "other expenses" with no comparable spending recorded for the same period last year.
- Year-to-Date revenues totals reflect a 4.0% increase in property tax revenue compared to last year's figures and a 5.3% increase in Investment Income, before any transfers-in. There is also a decrease of 5.7% in principle and a 13.5% decrease in interest. Overall year-to-date expenditures declined by 7.6%, reflecting ongoing debt repayments.

STORMWATER FUND

- Top sources of revenues for April included \$77K in stormwater fees and \$38K in interest earned.
- Expenditures for April included \$162K for personnel, operating and debt service and \$148K in stormwater maintenance.
- Year-to-Date revenues increased by 4.0% compared to last year, driven by a 2.3% increase in stormwater utility fees and an 84.2% increase in plan review fees.
- Year-to-Date expenditures are approximately \$3M in actual expenses, with an additional \$1.6M encumbered.

GGHNCDC FUND

- Revenues for April included \$11K in interest earned and \$18K in expenditure on personnel expenses.
- Year-to-Date expenditures are \$229.5K in actual expenses compared to \$88K last year. The main expenditure difference includes personnel salary and operating expenses.

HOUSING FUND

- Expenditures for April include an operating expense of \$14K for workforce housing.
- Operating budget year-to-date reflects activity of \$148.3K in actual expenses and \$1.2M in encumbered expenses for Northpoint Public Private Partnership, leaving a remaining budget fund balance for the year of \$2.7M.

Committee Members had questions, comments and discussion regarding: several Town related financial matters; the possibility of receiving additional funds through the Local Accommodations Tax; receiving an update on business license revenues when available; clarification of the Fire Truck lease and where the Town stands in the Request for Proposal (RFP) process; whether Beach Funding will be carried forward; appreciation for the Finance Team's efforts to reconcile accounts and improve public understanding; and the potential to

host a workshop explaining Tax Increment Financing (TIF) and the status of the Town's Stormwater Maintenance Utility Program.

Chair Brown asked for public comments.
There was no public comment at this time.

New Business

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, Authorizing the Town Manager to Apply for Funds from the South Carolina Opioid Recovery Fund Board, Authorizing the Distribution of any Funds Received from the South Carolina Opioid Recovery Fund Board, Authorizing the Execution and Delivery of an Opioid Recovery Fund Use Agreement between the Town of Hilton Head Island, South Carolina and the Low Country Alliance for Healthy Youth, Inc. - Chris Blankenship, Fire Chief

Peter Janura addressed the Committee regarding the item with the following information.

The State of South Carolina and its political subdivisions, including the Town of Hilton Head Island, are recipients of opioid abatement settlement funds from nationwide litigation against opioid manufacturers and distributors. These funds are distributed by the South Carolina Opioid Recovery Fund Board and are intended to support evidence-based prevention, treatment, and recovery efforts.

The Town of Hilton Head Island is eligible to receive opioid abatement settlement funds through the South Carolina Opioid Recovery Fund Board under the Guaranteed Political Subdivision SubFund. Eligible uses include prevention, treatment, recovery, and harm reduction efforts consistent with the state's approved strategies.

As an eligible recipient of the "Guaranteed Political Subdivision SubFund," the Town may apply to receive opioid settlement funds for approved uses. One such approved use includes funding local community anti-drug coalitions that engage in opioid and drug misuse prevention.

The Town Council is asked to consider a consolidated funding request totaling \$331,864.35 from the Guaranteed Political Subdivision SubFund of the South Carolina Opioid Recovery Fund, allocated to two entities as follows:

1. Hilton Head Island Fire Rescue, focused on intervention, treatment linkage, and community-based response — Request: \$93,859.35
 - a. Fire Rescue proposes establishing a Substance Abuse and Mental Health Management Team to proactively identify and support individuals at risk of opioid use disorder (OUD) and co-occurring mental health (MH) conditions. The program includes field outreach, peer support, and treatment referrals.
2. Low Country Alliance for Healthy Youth (LCAHY), focused on youth prevention and education – Request: \$238,005
 - a. The Low Country Alliance for Healthy Youth (LCAHY) is a nonprofit coalition operating in the Town that focuses on drug misuse prevention through education, public awareness, community engagement, and school-based programs. LCAHY has submitted a proposal for \$238,005 to implement a range of prevention initiatives

in accordance with the state's approved opioid fund use categories.

The proposed Agreement outlines the terms under which the Town will apply for, receive, and distribute \$238,005 in Opioid Recovery Funds to LCAHY. The funding will support a comprehensive set of prevention efforts including media campaigns, public education on drug disposal, distribution of drug deactivation systems, school- and faith-based programs, mental health training, and youth engagement strategies. If authorized the Town will submit its grant application by the July 31, 2025, deadline.

The Agreement:

- Requires LCAHY to use funds only for state-approved purposes.
- Includes detailed reporting, financial accountability, and recordkeeping requirements.
- Specifies a two-year term or until all funds are expended and reporting obligations are complete.
- Establishes that the Town's role is limited to facilitating the disbursement and oversight of funds, without establishing an employment or agency relationship.

Ms. Brison made a motion to forward to Town Council for consideration of approval a resolution authorizing the Town Manager to apply for funds from the South Carolina Opioid Recovery Fund Board, authorizing the distribution of any funds received from the South Carolina Opioid Recovery Fund Board, authorizing the execution and delivery of an Opioid Recovery Fund Use Agreement between the Town of Hilton Head Island, South Carolina and the Low Country Alliance for Healthy Youth, Inc. Ms. Tunner seconded.

Committee Members had questions, comments, and discussion regarding: thoughts on understanding that there is a problem and having funding will support the needs of our community; thankful that this subject was brought to light about our community, as this gives us an opportunity to prevent and support those in need; information on what facilities are available for those in need; appreciation for the mission of the Lowcountry Alliance for Healthy Youth and the proposed path forward with the plan; thoughts on the data regarding the average age of individuals dealing with opioid addictions; questions regarding the use of the plan and ensuring that it will be used for Hilton Head only; thoughts on engaging the youth in our schools to participate in this program if needed; and explanation of the application process and deadline.

For more information about the Lowcountry Alliance for Healthy Youth contact a representative at <https://www.lcahealthyouth.com/>, lcalliance4healthyouth@gmail.com or (843) 816-0205.

Chair Brown asked for public comments.

Eugene Zepfel addressed the Committee, suggesting that this program presents an opportunity to collect valuable data for future use. He recommended tracking metrics such as visitor versus resident participation, total usage over a defined period, and the average age of participants. This data could help inform and support the development of future programs and initiatives.

Motion carried 3-0.

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, Authorizing and Ratifying the Execution of Certain Redevelopment Projects Undertaken Pursuant to the Town's Tax Increment Financing (TIF) Redevelopment Plan, Including Projects in Adjacent Areas that Directly Benefit the Redevelopment Area, and Provide Notice to the Taxing Entities in Accordance with State Law - Shawn Colin, Assistant Town Manager

Shawn Colin addressed the Committee regarding the item with the following information.

In 1999, Town Council adopted Ordinance No. 99-35, establishing the Hilton Head Island Tax Increment Financing (TIF) Redevelopment Plan (the "Original Plan") in accordance with South Carolina Code Title 31, Chapter 6. The Original Plan was amended in 2014 by Ordinance No. 2014-13 (the "Plan Amendment"), to authorize additional redevelopment projects (the "Amended Projects") and extend the life of the TIF District through the fiscal year ending June 30, 2025.

The Town secured consent from Beaufort County, the Beaufort County School District, and the Hilton Head Public Service District (collectively, the "Taxing Entities") to the Plan Amendment. These agreements allowed the Town to use incremental tax revenues generated within the TIF district for approved redevelopment projects.

Per Section 31-6-80(F)(3) of the South Carolina Code of Laws, if the redevelopment project or portion of it is to be located outside of the redevelopment project area, the municipality shall by resolution make a specific finding of benefit to the redevelopment project area and provide written notice to the affected taxing district. No further action is required of the municipality.

The following provides an accounting of expenditures of TIF revenues to date for improvements, including infrastructure, public amenities, transportation, and environmental enhancements, which have been undertaken within four defined initiative areas.

Investments in Projects within the Redevelopment Project Areas | Total: Approx. \$48.7M

- Sea Pines Circle, Coligny Circle, and Palmetto Bay Road Areas
- Matthews/Gardner Area
- Stoney/Inland Entrance Area
- Chaplin/Broad Creek Area

Investments in Projects within Areas Adjacent to the Redevelopment Areas| Total: Approx. \$2.14M

- Green Shell Park
- Chaplin Community Park
- Shelter Cove Community Park/Boardwalk & Expansion
- Mid-Island Tract
- Patterson Family Park

Investment in these projects, which are located adjacent to the Redevelopment Areas, are directly supportive of the goals of the TIF District by improving infrastructure, connectivity, quality of life, and public safety in areas that are functionally and economically linked to the Redevelopment Project Area.

Committee Members had questions, comments and discussion regarding: clarification of whether the TIF expended funds have been properly communicated to the necessary parties; any further

obligations beyond the resolution; the time limit on the use of the remaining funds; a breakdown of committed versus spent funding; how TIF funds have been spent to date and what additional funds will be committed; lessons learned and positive outcomes from the TIF redevelopment plan; acknowledgement that \$46.8 million has been spent in the Pope Avenue area, with the University of South Carolina Beaufort (Hilton Head Island Campus) and Lowcountry Celebration Park being the two largest expenditures; concern that only \$55,000 was spent on redevelopment in the Matthews-Gardner area and \$277,000 in the Stoney/Island entrance area, which raised concerns about imbalance, especially given the many needs in the Stoney area; how the Town plans to spend the funds already received before the June 30th deadline to remain in compliance with the TIF program; whether available funding can continue to be used outside the redevelopment area; clarification on the TIF boundaries and district; and a request for educational sessions and further explanation of the TIF closing procedures.

Ms. Brison made a motion to forward to Town Council for consideration of approval a resolution authorizing and ratifying the execution of certain redevelopment projects undertaken pursuant to the Town's Tax Increment Financing (TIF) Redevelopment Plan, including projects in adjacent areas that directly benefit the redevelopment area, and provide notice to the taxing entities in accordance with the State Law. Ms. Tunner seconded.

Chair Brown asked for public comments.
There was no public comment at this time.

Motion carried 3-0.

Public Comment - Non Agenda Items
There was no public comment at this time.

Adjournment
Chair Brown adjourned the meeting at 4:04 p.m.

Approved: August 25, 2025

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov