Town of Hilton Head Island
TOWN COUNCIL
BUDGET WORKSHOP
Tuesday, May 14, 2024, 1:00 PM Minutes

Call to Order

Mayor Perry called the workshop to order at 1:00 p.m.

Council Members present: Alan Perry, Mayor, David Ames, Ward 3, Mayor Pro-Tempore; Patsy Brison, Ward 2; Alex Brown, Ward 1; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Glenn Stanford, Ward 6

Adoption of the Agenda

Mr. Ames moved to approve. Mr. Alfred seconded. Motion carried 7-0.

Review and Discussion of the Proposed Fiscal Year 2025 Consolidated Budget

Mr. Orlando explained he would be reviewing the General Fund, Stormwater Utility Fund, Debit Fund (which encompasses the long-term debt payment, Gullah Geechee Historic Neighborhoods Community Development Corporation Fund and the Housing Fund. He explained the presentation would be the same as the one done at first reading on May 7 with the exception of the Capital Improvements Fund review which will be covered at the May 16 Town Council Workshop.

Mr. Orlando reviewed the economic factors.

The Town benefits from ongoing economic strength and growth that underpins its healthy tax base trends and strong, reliable financial performance

Excellent credit position - Aaa Bond Rating from Moody's and AA+ Bond Rating from Standard and Poor's and Fitch. These ratings reinforce confidence in our efforts to maintain a fiscally sound operation.

Notable credit financial factors include: • Growing tax base • Growing and diverse non-property tax revenues • Prudent fiscal management • Robust financial position and • Modest debt and pension burden.

He continued the presentation by reviewing the FY 2025 consolidated Budget Goals.

- Deliver Town Council Strategic Action Plan Priorities – Top 15 Priorities are Budgeted:
- Establish a Growth Management Strategy
- Implement Workforce Housing Framework
- Adopt Major Corridor/Street Enhancement Policies
- Develop William Hilton Parkway Gateway Corridor Plan

general government, administrative services, sheriff/other public safety, fire, 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 proceeds, and real estate transfer fees.

Capital Improvements Program 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, state accommodations taxes, TIF proceeds, road usage fees (now paused), electric franchise fees, and road/park impact fees. Capital Projects are primarily non-recurring in nature.

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.

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 State Accommodations Tax Fund, and ARPA funding.

Mr. Orlando reviewed the various categories within all of the funds.

Council members made comments, asked questions and held discussion regarding: inquiry as to how far out into the future projections are reviewed and studies; the need to see the increase projected for maintenance for capital improvement projects; acknowledgement that as capital projects decrease, general operating will increase due to the increase in maintenance and personnel costs; inquiry regarding the increase in investment income and how much of it is interest and investment; inquiry as to how much of the budget is spent on various consultants and how many consultants the Town has; acknowledgement that by raising the reserve policy limit enhanced the

Town's ratings; inquiry into cost of living increases; inquiry regarding Town Council compensation; the need to have consistency regarding compensation to Town Council members; inquiry as to whether an increase in compensation for Town Council members could be done annually; a request to pull out the proposed increase in Town Council increase in compensation and deal with it separately from the proposed budget; a suggestion that the increase in Council compensation is needed to bring in younger individuals on future Councils; support for the way the accounts have been set up within the funds to provide transparency to the community as to where dollars are being spent; confirmation regarding the Town Managers authority to transfer funds within a program; acknowledgement of the need for the Stormwater Utility Fund and Program; confirmation that once land is acquired for the Gullah Geechee Historic Neighborhoods CDC, it would be owned by the Corporation; acknowledgement that preservation is defined as preserving the land for green open-space and preserving the land as a part of a business land for the community; the need to find additional funding sources for the Gullah Geechee Historic Neighborhoods CDC; acknowledgement that the number of revenues coming from tourism impacts the quality of life and quality of experience; and an expression of appreciation for the way the funds are monitored and maintained.

Appearance by Citizens

There were no requests.

Mayor Perry asked for public comment. There was none.

Adjournment

The workshop adjourned at 3:51p.m.

Approved: June 4, 2024

Kimberly Gammon, Town Clerk

Alan R. Perry, Mayor

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