

**The Town of Hilton Head Island
Special Meeting
Budget Workshop
Thursday, June 9, 2011
Benjamin M. Racusin Council Chambers
5:00 P.M.**

AGENDA

- 1. Call to Order**
- 2. FOIA Compliance** – Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Capital Improvements Program (CIP) Review**
- 4. Storm Water Utility Enterprise Fund**
- 5. Continued Review of other budget Items**
- 6. Appointments and Reappointments to Boards and Commissions**
- 7. Appearance by Citizens**
- 7. Adjournment**

Town of Hilton Head Island, South Carolina

Revised Proposed Consolidated Municipal Budget Fiscal Year July 1, 2011 through June 30, 2012



Get Your Plaid On at the 43rd Annual Heritage PGA TOUR Golf Tournament

Town of Hilton Head Island
Revised Proposed FY 2012 Budget
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MEMORANDUM

TO: Stephen G. Riley, Town Manager
FROM: Susan Simmons, Director of Finance
DATE: June 7, 2011
RE: Review of FY 2011 projected actual figures

On May 24th, 2011 Town Council reviewed the Town's proposed FY 2012 operating budget. At that meeting Town Council expressed some interest in enacting a FY 2012 General Fund budget that did not exceed the estimated actual expenditures for FY 2011. Historically the estimated actual revenues and expenditures have been estimated early in January. They have not been thoroughly vetted again for the budget workshops. Given Town Council's interest in the estimated actuals for FY 2011 Finance requested staff to provide updated estimates based on current information near fiscal year-end. The results of that review are outlined below.

Results of review of FY 2011

In the original document presented to Town Council for FY 2011, expenditures were anticipated to exceed revenues by \$551,972. The revised FY 2011 projection reflects expenditures exceeding revenues by \$836,893. This is an increase of \$284,921.

The original FY 2011 projected actual revenues were \$31,501,927. Town staff reviewed the projection and it was subsequently revised to \$31,314,883. Anticipated revenues to be received from business licenses and the local ATAX were reduced. The net change in revenues between the original and updated amount is \$187,044.

The original FY 2011 projected actual expenditures were \$32,053,899. Town staff reviewed the projection and it was subsequently revised to \$32,151,776. There was an error in the projected salary amount and this was primarily offset by adjustments made to year-end operating expenditures. The net change in expenditures between the original and updated amount is \$97,877.

		FY 2011				FY 2012
		Revised	Original	Revised		
		Budget	Projection	Projection	Variance	Budget
Personnel		21,030,800	20,148,441	20,645,471	497,030	20,753,090
Operating		9,550,480	9,259,667	8,929,475	(330,192)	9,771,690
Capital		571,493	219,050	218,091	(959)	503,770
Grants		2,346,923	2,426,741	2,358,739	(68,002)	1,703,170
		33,499,696	32,053,899	32,151,776	97,877	32,731,720

Current FY 2012 Recommendation

In the original document presented to Town Council for FY 2012 expenditures were anticipated to exceed revenues by \$339,370. The revised FY 2011 projection reflects expenditures exceeding revenues by \$659,710. This is an increase of \$320,340.

	FY 2011		FY 2012		
	Revised	Revised	Recommen.	<u>Variance to FY 2011</u>	
	Budget	Projection		Budget	Budget
Revenue	32,096,253	31,314,883	32,072,010	(24,243)	757,127
Expenditures	33,499,696	32,151,776	32,731,720	(767,976)	579,944
Revenues Over/(Under) Expennditures	(1,403,443)	(836,893)	(659,710)		

General Fund Revenue

Anticipated revenues for FY 2012 are anticipated to be \$757,127 higher than the FY 2011 estimated actual revenues to be received. The major two increases in anticipated revenues are \$725,420 of property taxes and \$339,370 of hospitality tax transfer for the first payment on the Fire and Rescue apparatus lease.

The proposed revenue budget for FY 2012 reflects a millage rate increase of 6.67% and will provide \$725,420 in revenue. The Town must develop the budget prior to the State validating the allowable increases. The following chart depicts the original estimate, the final allowable, and the recommended millage rate increase for FY 2012.

	Final Allowable	Original Estimate	Final Recommended
CPI adjustment	1.64	1.70	1.64
Population Adjustment	8.32	5.06	5.03
	9.96	6.76	6.67
Additional Revenue	\$ 1,083,237	\$ 744,080	\$ 725,420

The primary revenue decreases are follows: transfer of Beach Preservation Fees of \$500,000; County decreases for dispatch and emergency medical services of \$150,000; and a reduction in State shared revenue of \$100,000.

During Town Council meetings in the fall of 2010 to approve the Port Royal fill project, the Town determined for the beach renourishment program to be sustainable it was necessary to limit the transfer of Beach Preservation Fees to the General Fund.

For a long time the Town has endeavored to reduce its reliance on property taxes to finance daily operations by adding alternative revenue sources based on tourism and real estate. In FY 1994, 67% of the Town’s operating funds came from property taxes. In FY 2012 that percentage is 36%. The decline in the economy and the reduction in Beach Preservation Fees transferred to the

General Fund based on Town Council direction, has necessitated a funding paradigm shift from tourism and real estate driven revenues to property tax revenues. It also should be noted that staffing levels and other operating expenditures have been reduced wherever possible as part of the realignment of the Town's budget to address the financial impact of the sluggish economy.

General Fund Expenditures

The budgeted expenditures for the General Fund are \$32,731,720 for FY 2012 compared to \$32,151,776 estimated actual expenditures for FY 2011. This reflects an increase of \$579,944 or 1.8%.

Personnel: The proposed payroll expenditures for FY 2012 are \$20,753,090 compared to estimated actual payroll expenditures for FY 2011 of \$20,475,641. Comparison of year over year figures must take into consideration the shift in personnel costs to the stormwater fund in FY 2012 {\$20,475,641 (FY 2011) to [\$20,753,090 + \$147,190 = \$20,900,280] variance = \$424,639 or 2.1%}.

Operating: Based on the review of anticipated expenditures for FY 2012 using May data, projected figures were reduced by an additional \$18,200 as detailed on page 6.

The chart below is a year over year comparison of major changes in General Fund expenditures.

	FY 2011	FY 2012	
	Est. Actual	Budget	
total expenditures	32,151,776	32,732,720	
heritage	(1,260,000)		
		(200,000)	lmo rewrite
		(339,370)	debt service
		(100,000)	recycling (public facilities)
		(70,000)	recycling (beach services)
		(50,000)	ATAX recovery project
		(30,000)	business license rates study
		(100,000)	retirement contribution (VC)
		(181,300)	payroll increase
		(325,445)	increase in advertising and promotion
		(21,584)	fuel expense
		(145,091)	vacant asst. cm position
		(41,204)	legal expenses
		(49,900)	fire and rescue expenses OSHA
total adjusted expenditures	30,891,776	31,078,826	
variance		187,050	
		0.61%	

Comparison of Millage Rate

Town Council requested Town staff provide a comparison of the Town's Total millage rate with other local governmental operations. In addition, we included the millage rates for Myrtle Beach and the City of Charleston. The Town has the lowest rate of those provided below and has raised its rates minimally over the Town's twenty-eight year history.

				2010	2011
				Millage Rate	Millage Rate
Town of Hilton Head Island				18.54	18.54
Town of Bluffton				38.00	38.00
Town of Port Royal				69.00	69.00
City of Beaufort				60.62	60.62
City of Hardeville				153.00	153.00
Beaufort County				45.96	47.54
Beaufort County School Board - operating				90.26	90.26
Beaufort County School Board - debt				24.43	26.33
Jasper County				267.00	276.50
Myrtle Beach				62.90	66.10
City of Charleston				77.10	77.10

Debt Service Fund

Funds provided from real estate transfer fees were reduced by \$305,277. This funding reduction will be offset by property taxes. The reduction is necessitated by less revenue being received from this source due to the downturn in the real estate market. Sufficient property tax revenues are available to cover this realignment.

Capital Projects Fund and Stormwater Utility Fee Fund

The proposed budgets for these funds will be presented for the first time at the June 9th budget workshop. Previous drafts were placeholders as the budgets were being developed and presented to the Town's Committees. Therefore, staff has not presented a summary of changes.

Summary of Changes

General Fund

6.7.2011

General Fund FY 2012 Draft Budget Deficit

version 5

(339,370)

Adjustments:**Revenue**

1. Transfers In - Miscellaneous adjustments	(4,660)
2. Transfers In - Funding for two engineering positions moved to the Stormwater Fund	(147,190)
3. Adjustment to Act 388 proposed millage rate increase based on final allowable increase	(18,660)
4. County not renewing contract for emergency medical services to Jenkins Island	(125,000)
5. County reduction of funding for dispatch services (\$75,000 to \$50,000)	(25,000)
6. A reduction in anticipated funds from local ATAX	(111,180)
7. An increase in franchise fee cable revenues	80,000
8. An increase in revenue from investments	15,000
9. A reduction in business license revenue	(225,000)
10. An increase in permit fee revenue	78,230
	(483,460)

Expenditures

1. Eliminate consulting for retirement studies (Human Resources)	25,000
2. Eliminate part-time Municipal Court Assistant (Municipal Court)	28,610
3. Reduce rent expense (Sheriff's budget)	11,120
4. Two Engineering positions moved to the Stormwater Fund (Engineering)	147,190
5. Increase funding for worker's compensation deductible (Townwide)	(15,000)
6. Increase funding for liability insurance (Townwide)	(12,000)
7. Increase funding for fuel (Townwide)	(40,000)
8. Reduction in operating expenditures; Administrative Support	4,600
9. Increase in operating expenditures; Public Projects and Facilities - Admin.	(500)
10. Reduction in telephone expenditures; Townwide	20,000
11. Reduction in printer supplies; Townwide	5,000
12. Reduction in equipment expenditures; Townwide	2,500
13. Increase in Palmetto Pass charges for Town vehicles; Townwide	(1,900)
14. Increase in electricity expenditures; Townwide	(14,500)
15. Reduction in postage expenditures; Townwide	3,000
	163,120
Revised General Fund Deficit	(659,710)

Debt Service Fund

1. Reduction in real estate transfer fees to fund debt service (will be offset by property taxes)	(305,277)
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new adjustments since 5.23.2011

General Fund

General Fund Analysis

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

Department Expenditure Summary for Fiscal Year 2012 (General Fund)

Department	Personnel	Operating	Capital/Debt	Grants	Total Expenses
Town Council	\$ 85,080	\$ 358,250			\$ 443,330
Town Manager	721,310	25,000			746,310
Administration/Legal	3,647,310	1,209,220	93,000		4,949,530
Community Development	2,399,610	298,790			2,698,400
Public Projects and Facilities	1,612,750	1,936,990			3,549,740
Fire and Rescue	12,121,310	1,310,570	71,400		13,503,280
Sheriff/Other Public Safety		3,138,430			3,138,430
Non-Departmental (Townwide)	165,720	1,494,440	339,370	1,703,170	3,702,700
Totals	\$ 20,753,090	\$ 9,771,690	\$ 503,770	\$ 1,703,170	\$ 32,731,720

Revenues and Expenditures by Program/Department/Division Analysis - Historical, Estimated Actual, and Budget

	2011					2012				
	2008	2009	2010	Revised	Est. Actual	Original Proposed Budget	adjustments	Revised	% change	
				Budget	as of 10 months			Budget	FY 2011 Budget	FY 2011 Est. Actual
Revenues										
Property Taxes	10,138,385	10,715,950	10,920,696	11,066,860	10,970,595	11,719,990	(18,660)	11,701,330	6%	7%
ATAX Local 1%	2,319,342	2,150,536	2,012,520	1,952,360	2,168,330	2,361,180	(111,180)	2,250,000	15%	4%
Business Licenses:										
Business Licenses - Town	3,806,168	3,426,852	3,382,398	3,434,000	3,405,000	3,500,000	(100,000)	3,400,000	-1%	0%
Business Licenses - MASC	4,326,864	4,032,206	3,721,101	4,040,000	4,000,000	4,125,000	(125,000)	4,000,000	-1%	0%
Franchise Fees:										
Cable	566,940	586,852	760,735	606,000	692,259	610,000	80,000	690,000	14%	0%
Beach Fee	22,057	21,285	20,716	21,500	21,500	21,500	-	21,500	0%	0%
Recycling	-	-	-	-	-	100,000	-	100,000	100%	100%
Permit Fees:										
Construction	383,502	194,387	175,884	190,000	219,920	170,670	19,330	190,000	0%	-14%
Development	9,024	10,883	4,067	3,600	5,785	2,700	1,300	4,000	11%	-31%
Other	864,247	648,692	706,430	685,210	680,350	622,400	57,600	680,000	-1%	0%
Intergovernmental	1,105,671	1,054,891	884,672	788,580	752,988	651,080	-	651,080	-17%	-14%
Grants:										
Beaufort County - Hazmat	13,561	11,677	11,677	11,680	11,677	11,680	-	11,680	0%	0%
Beaufort County - E911	96,336	113,563	122,828	216,020	122,812	115,000	-	115,000	-47%	-6%
DEHC	6,641	5,556	7,293	6,000	4,710	6,000	-	6,000	0%	27%
FEMA	-	-	-	-	25,087	-	-	-	0%	-100%
SC Regional Task Force	35,000	-	-	-	-	-	-	-	0%	0%
SCMIT Fire Grant	602	-	-	-	-	-	-	-	0%	0%
Miscellaneous Revenue:										
Beach Services	167,779	188,060	178,247	185,000	204,160	185,000	-	185,000	0%	-9%
Donations	10,305	6,125	120	1,000	225	1,000	-	1,000	0%	344%
Municipal Court	465,065	407,422	423,042	416,220	380,164	390,000	-	390,000	-6%	3%
Other	217,924	298,663	138,603	150,000	120,000	100,000	-	100,000	-33%	-17%
Public Safety - EMS	1,292,928	1,210,300	1,216,699	1,200,000	1,293,690	1,305,000	-	1,305,000	9%	1%
Public Safety - County D/T	200,494	206,205	203,536	190,000	210,000	203,000	(150,000)	53,000	-72%	-75%
Town Codes	4,637	3,446	995	2,000	454	1,000	-	1,000	-50%	120%
Victim's Assistance	75,228	70,045	70,471	71,000	59,230	70,000	-	70,000	-1%	18%
Transfers In:										
ATAX State	1,268,346	1,266,741	1,089,096	1,329,400	1,329,400	1,332,950	-	1,332,950	0%	0%
Beach Preservation Fee	855,112	1,355,973	1,315,746	1,478,080	978,080	969,380	10	969,390	-34%	-1%
Electricity Franchise Fee	69,157	85,904	77,371	80,630	72,239	80,910	(690)	80,220	-1%	11%
Hospitality Taxes	2,004,206	2,214,864	2,464,955	3,269,553	2,930,183	3,269,550	-	3,269,550	0%	12%
Stormwater Utility Fee	-	303,830	302,763	389,730	389,730	385,010	(149,680)	235,330	-40%	-40%
Sunday Liquor Permits	-	-	-	37,500	37,500	37,500	-	37,500	0%	0%
TIF	-	226,260	193,790	184,330	184,330	182,970	(1,490)	181,480	-2%	-2%
Investments	402,416	87,069	95,768	90,000	44,485	25,000	15,000	40,000	-56%	-10%
Total Revenues	30,727,937	30,904,237	30,502,219	32,096,253	31,314,883	32,555,470	(483,460)	32,072,010	0%	2%

Revenues and Expenditures by Program/Department/Division Analysis - Historical, Estimated Actual, and Budget

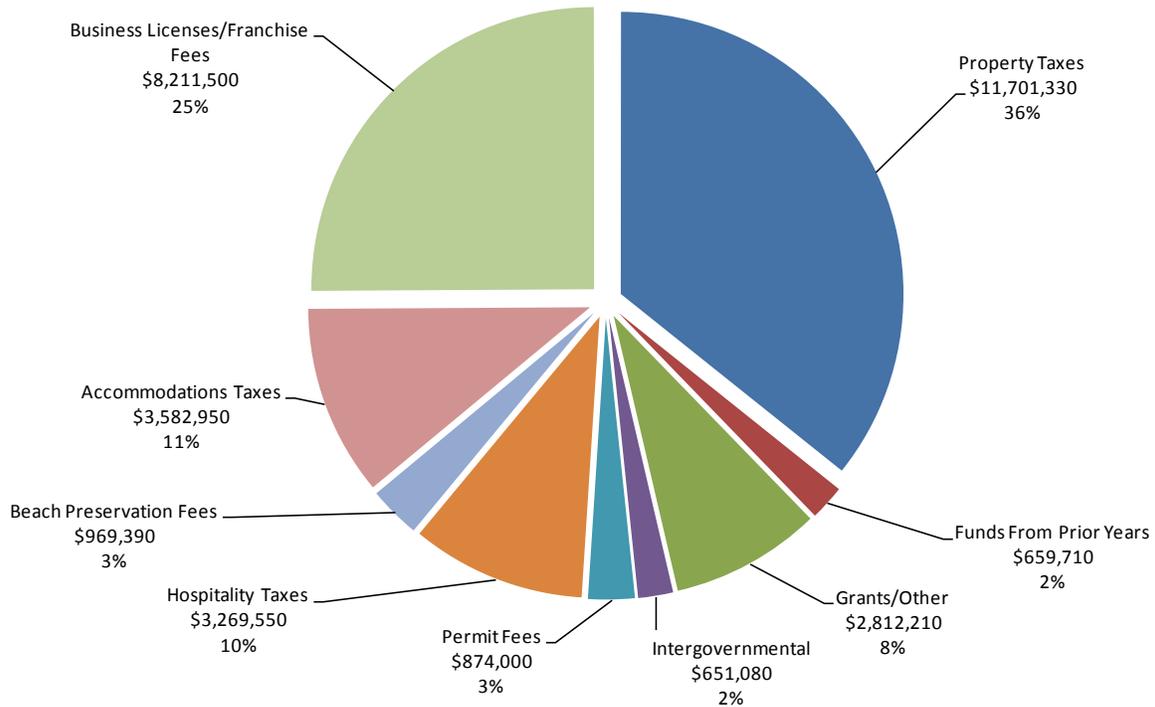
						2012				
	2008	2009	2010	2011		Original Proposed Budget	adjustments	Revised Budget	% change	
				Revised Budget	Est. Actual as of 10 months				FY 2011 Budget	FY 2011 Est. Actual
Expenditures										
General Government:										
Town Council	429,407	355,705	292,601	438,773	365,136	443,330	-	443,330	1%	21%
Town Manager	534,469	744,916	751,876	751,540	636,967	746,310	-	746,310	-1%	17%
Total General Government	963,876	1,100,621	1,044,477	1,190,313	1,002,103	1,189,640	-	1,189,640	0%	19%
Management Services:										
Administration/Legal										
Legal	616,719	430,531	428,878	471,090	408,382	443,780	-	443,780	-6%	9%
Administrative Services										
Administrative Support	182,793	215,541	193,428	237,830	224,995	218,440	(4,600)	213,840	-10%	-5%
Municipal Court	392,536	402,796	395,050	413,720	412,152	424,440	(28,610)	395,830	-4%	-4%
Information Technology	1,534,237	1,598,223	1,605,931	1,686,843	1,650,850	1,672,740	-	1,672,740	-1%	1%
	2,109,566	2,216,560	2,194,409	2,338,393	2,287,997	2,315,620	(33,210)	2,282,410	-2%	0%
Finance										
Administration	188,035	189,314	213,968	234,890	216,276	227,350	-	227,350	-3%	5%
Accounting	629,475	660,880	565,988	662,004	606,538	662,040	-	662,040	0%	9%
Revenue and Collections	478,151	566,623	659,308	792,670	726,133	788,180	-	788,180	-1%	9%
	1,295,661	1,416,817	1,439,264	1,689,564	1,548,947	1,677,570	-	1,677,570	-1%	8%
Human Resources	587,798	603,514	527,901	559,690	511,792	570,770	(25,000)	545,770	-2%	7%
Total Administration/Legal	4,609,744	4,667,422	4,590,452	5,058,737	4,757,118	5,007,740	(58,210)	4,949,530	-2%	4%
Total Management Services	4,609,744	4,667,422	4,590,452	5,058,737	4,757,118	5,007,740	(58,210)	4,949,530	-2%	4%
Community Services:										
Community Development										
Administration	397,850	545,247	541,226	551,340	564,085	572,540	-	572,540	4%	1%
Comprehensive Planning	434,925	379,969	356,859	366,510	371,115	352,220	-	352,220	-4%	-5%
Development, Review and Zoning	635,470	835,876	791,780	794,450	682,484	878,110	-	878,110	11%	29%
Building	1,308,838	759,928	667,371	679,850	608,506	617,150	-	617,150	-9%	1%
CD Services	-	380,358	334,221	341,680	294,421	278,380	-	278,380	-19%	-5%
Natural Resources	209,938	-	-	-	-	-	-	-	0%	0%
Total Community Development	2,987,021	2,901,378	2,691,457	2,733,830	2,520,611	2,698,400	-	2,698,400	-1%	7%
Public Projects and Facilities										
Administration	313,303	232,327	230,031	232,420	232,740	235,280	500	235,780	1%	1%
Engineering	609,123	646,190	719,746	828,280	786,806	832,840	(147,190)	685,650	-17%	-13%
Facilities Management	2,340,794	2,377,977	2,363,313	2,511,920	2,437,505	2,628,310	-	2,628,310	5%	8%
Total Public Projects and Facilities	3,263,220	3,256,494	3,313,090	3,572,620	3,457,051	3,696,430	(146,690)	3,549,740	-1%	3%
Total Community Services	6,250,241	6,157,872	6,004,547	6,306,450	5,977,662	6,394,830	(146,690)	6,248,140	-1%	5%

Revenues and Expenditures by Program/Department/Division Analysis - Historical, Estimated Actual, and Budget

	2011					2012				
	2008	2009	2010	Revised	Est. Actual	Original Proposed Budget	adjustments	Revised Budget	% change	
				Budget	as of 10 months				FY 2011 Budget	FY 2011 Est. Actual
Public Safety:										
Fire										
Administration	496,021	494,930	285,385	346,140	293,250	358,500	-	358,500	4%	22%
Operations	9,035,671	9,296,805	8,834,581	8,946,780	9,010,640	8,964,580	-	8,964,580	0%	-1%
Fire Prevention	488,865	509,256	498,575	520,210	524,967	532,870	-	532,870	2%	2%
Logistics/Maintenance	998,698	749,216	665,746	586,110	565,819	573,930	-	573,930	-2%	1%
Communications	1,017,265	1,085,246	1,117,858	1,160,970	1,114,245	1,138,350	-	1,138,350	-2%	2%
Training	679,290	605,888	586,398	628,920	641,445	667,680	-	667,680	6%	4%
Emergency Management	52,803	219,496	206,415	227,400	221,630	224,140	-	224,140	-1%	1%
E911 Communications	193,047	199,145	229,093	255,180	253,634	253,550	-	253,550	-1%	0%
Support Services	742,722	723,914	849,905	815,460	728,999	789,680	-	789,680	-3%	8%
Total Fire & Rescue	13,704,382	13,883,896	13,273,956	13,487,170	13,354,629	13,503,280	-	13,503,280	0%	1%
EMS Bad Debt Write-Off	334,171	-	-	-	-	-	-	-	0%	0%
Sheriff/Other Public Safety										
Police Services Contract	2,658,356	2,743,135	2,661,045	2,752,310	2,702,858	2,764,980	(11,120)	2,753,860	0%	2%
Beach Services	178,031	184,394	184,192	189,060	189,090	196,930	-	196,930	4%	4%
Stipend	105,700	124,950	124,950	150,820	122,500	130,000	-	130,000	-14%	6%
Victims' Rights	49,721	57,130	54,253	53,010	53,010	57,640	-	57,640	9%	9%
Total Sheriff/Other Public Safety	2,991,808	3,109,609	3,024,440	3,145,200	3,067,458	3,149,550	(11,120)	3,138,430	0%	2%
Total Public Safety	17,030,361	16,993,505	16,298,396	16,632,370	16,422,087	16,652,830	(11,120)	16,641,710	0%	1%
Townwide (non-departmental):										
Personnel	12,662	25,203	14,158	130,290	153,879	150,720	15,000	165,720	27%	8%
Operating	811,422	1,013,801	1,242,722	1,495,243	1,480,188	1,456,540	52,000	1,494,440	0%	1%
Grants	1,194,106	1,358,177	1,405,252	2,346,923	2,358,739	1,703,170	-	1,703,170	-27%	-28%
Capital Outlay	-	-	-	-	-	-	-	-	-	0%
Debt Service	70,650	-	-	339,370	-	339,370	-	339,370	0%	0%
Total Townwide (non-departmental)	2,088,840	2,397,181	2,662,132	4,311,826	3,992,806	3,649,800	67,000	3,702,700	-14%	-7%
Total Expenditures	30,943,062	31,316,601	30,600,004	33,499,696	32,151,776	32,894,840	(149,020)	32,731,720	-2%	2%
Net change in fund balances	(215,125)	(412,364)	(97,785)	(1,403,443)	(836,893)	(339,370)	(334,440)	(659,710)		
Fund balance - beginning	16,426,738	16,274,131	15,861,767	15,763,982	15,763,982	14,927,089		14,927,089		
Prior period adjustment	62,518	-	-	-	-	-		-		
Fund balance - ending	16,274,131	15,861,767	15,763,982	14,360,539	14,927,089	14,587,719		14,267,379		

General Fund Revenues

General Fund Revenues (excluding use of funds from prior years) in Fiscal Year 2012 are projected to be \$32,072,010, which is slightly less than the FY 2011 budget.



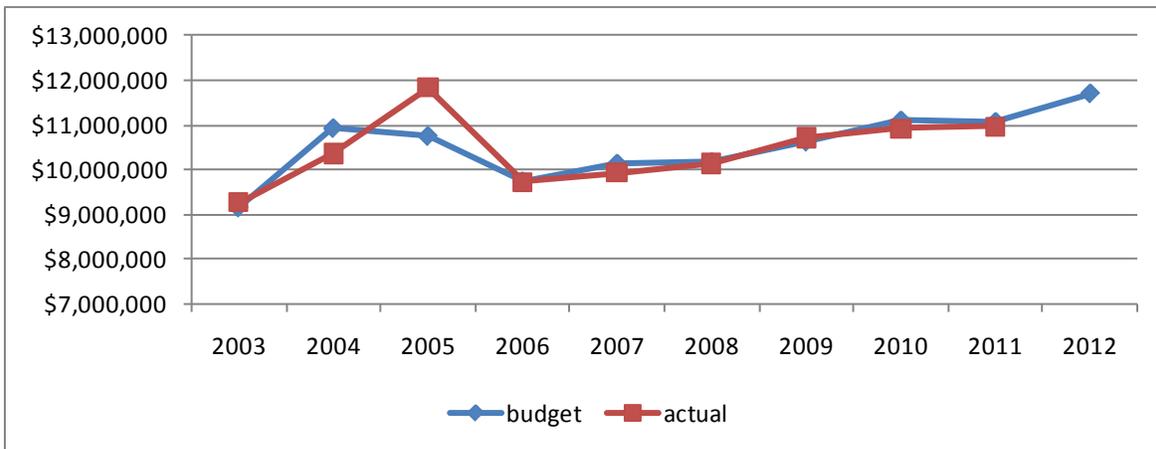
Property Taxes

Property taxes will be \$634,470 more than the FY 2011 Budget. The budget assumes collection of the majority of property tax revenues billed in FY 2012. The increase in revenue is due to the following:

- The value of a mill is expected to increase from \$916,846 (estimated actual) to \$923,053 an increase of less than 1%.
- The millage rate for the General Fund will increase from 11.78 to 12.57 an increase of 6.7%. This includes a 1.64% consumer price index and a 5.03% population adjustment. The allowable increase this fiscal year in accordance with state law is 9.96%.

General Fund Revenues (continued)

Property Taxes (continued)

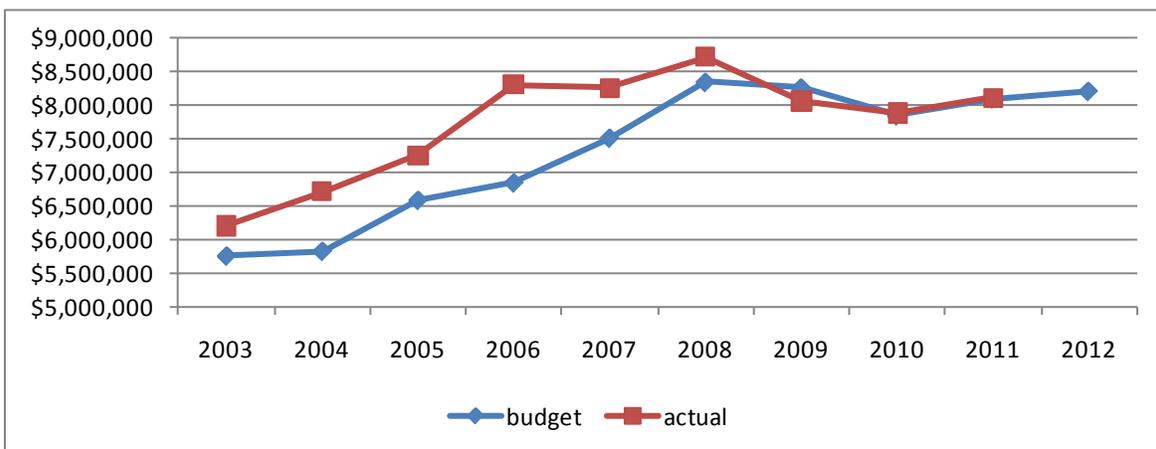


Business Licenses and Franchise Fees

Business licenses and franchise fees represent the second largest single revenue source for the General Fund.

The most significant source is the business license fee levied upon each \$1,000 of gross receipts, sales, or premiums of business conducted within the corporate limits of the Town. The Fiscal Year 2012 budget of \$7.4 million in business license receipts is 1.0% less than the Fiscal Year 2011 budget of \$7.5 million.

Franchise fee revenue is anticipated to be \$811,500 in Fiscal Year 2012, a 29.3% increase over the Fiscal Year 2011 budget of \$627,500. In FY 2012 a new recycling franchise fee has been added and is budgeted at \$100,000 for the upcoming fiscal year.



General Fund Revenues (continued)

Permit Fees

Permit Fees (new construction) – \$190,000

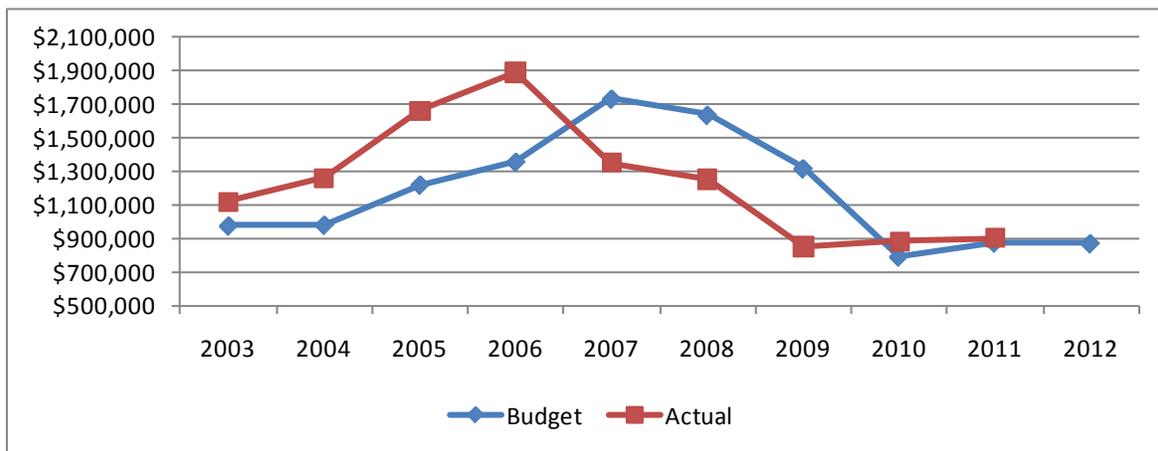
Permit fee revenue from new construction will be the same as the FY 2011 Budget of \$190,000.

Permit Fees (development) - \$4,000

Revenue from permit fees associated with development will be \$400 more than the FY 2011 Budget of \$3,600.

Permit Fees (other) - \$680,000

Revenue from other permit fees will be \$5,210 less than the FY 2011 Budget of \$685,210.



Transfer In – Accommodation Tax Local 1%

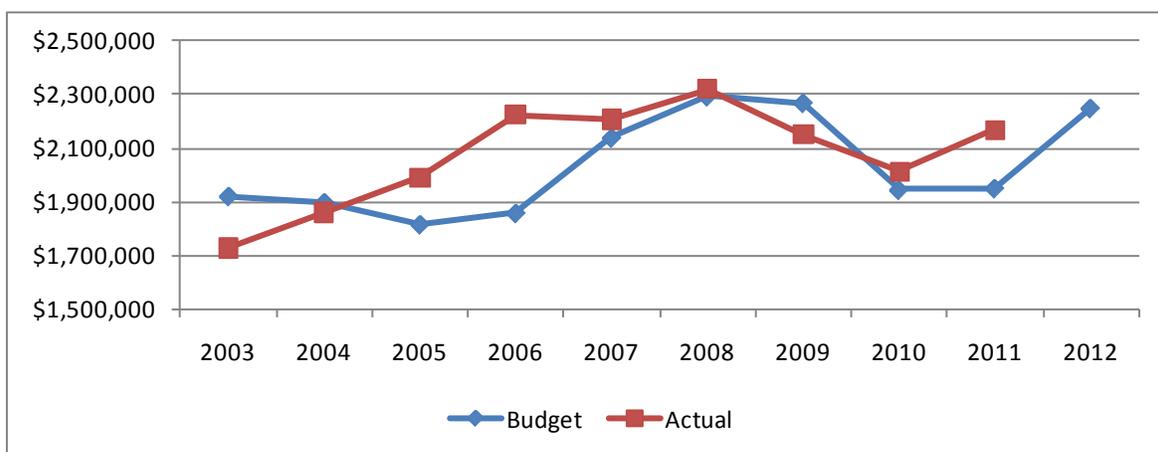
The 1% local accommodations tax will generate \$2.2 million in revenue. This figure is 15.0% higher than the prior fiscal year budget and 4.0% higher than this year's projected actual revenue. These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and renourishment; 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.

General Fund Revenues (continued)

Transfer In - Accommodation Tax Local 1% (continued)

The local accommodations tax is the third largest single revenue source for the General Fund. 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."

- **Festival fund** – The Town sets aside five (5) percent of this local accommodations tax for the promotion of festivals created after January 21, 1998, 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 whose membership consists of representatives from the lodging, restaurant, golf, tennis and related hospitality industry. 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's Accommodations Tax Advisory Committee prior to April 1 of each calendar year. The accommodations tax advisory committee will review and make recommendations to the Town Council by May 15 of each calendar year. Funds are distributed to the designated organization on a quarterly basis no later than thirty (30) days after the end of the quarter.
- **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 by the Town Manager.



General Fund Revenues (continued)

Transfer In – Accommodation Tax (State)

The 2% State accommodations 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."

It is anticipated that this line item will provide \$1.3 million in funds to the General Fund. This represents an increase of \$3,550 or less than 1.0% over the Fiscal Year 2011 budget.

Transfer In – Hospitality Tax

A uniform tax equal to 2% percent is imposed by the Town on the gross sales of prepared meals and beverages sold in establishments and also on the gross sales price of sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer or wine.

These funds are used to support the Public Safety function of Town Government. It is anticipated that this line item will provide approximately \$3.3 million in funds to the General Fund. This is the same as the amount budgeted in FY 2011.

Transfer In – Beach Preservation Fee

A uniform fee of 2% 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 are not considered "proceeds from transients."

It is anticipated that this line item will provide \$969,390 in funds to the General Fund. This represents a 34% decrease over the Fiscal Year 2011 budget. The significant decrease is due to a reduction in capital project support services funded through this revenue source.

Transfer In – Electricity Fees

A 3% fee is imposed on the total gross revenue received by Palmetto Electric Cooperative from its members for the provision of electric power and energy each franchise year. These funds are used for the undergrounding (placement underground) of all existing and future non-transmission lines owned by Palmetto Electric Cooperative.

It is anticipated that this line item will provide \$80,220 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs associated with the burial of power lines.

General Fund Revenues (continued)

Transfer In – Stormwater Fees

A fee is charged annually to property owners within Town limits to pay for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits in concert with Beaufort County and other water resource management programs.

It is anticipated that this line item will provide \$235,330 in funds to the General Fund. These funds are used to reimburse the General Fund for project management costs.

Transfer In – Sunday Liquor Permit Fees

These fees are derived from the sale of permits to sell alcohol on Sunday. Funds from this source are rebates from the State.

It is anticipated that this line item will provide \$37,500 to the General Fund to fund the Public Art – Community Foundation Grant. Funding is the same as last fiscal year.

EMS

Funds received through Fire and Rescue for medical services rendered will be approximately \$1.3 million. This represents a 9.0% decrease over the Fiscal Year 2011 budget.

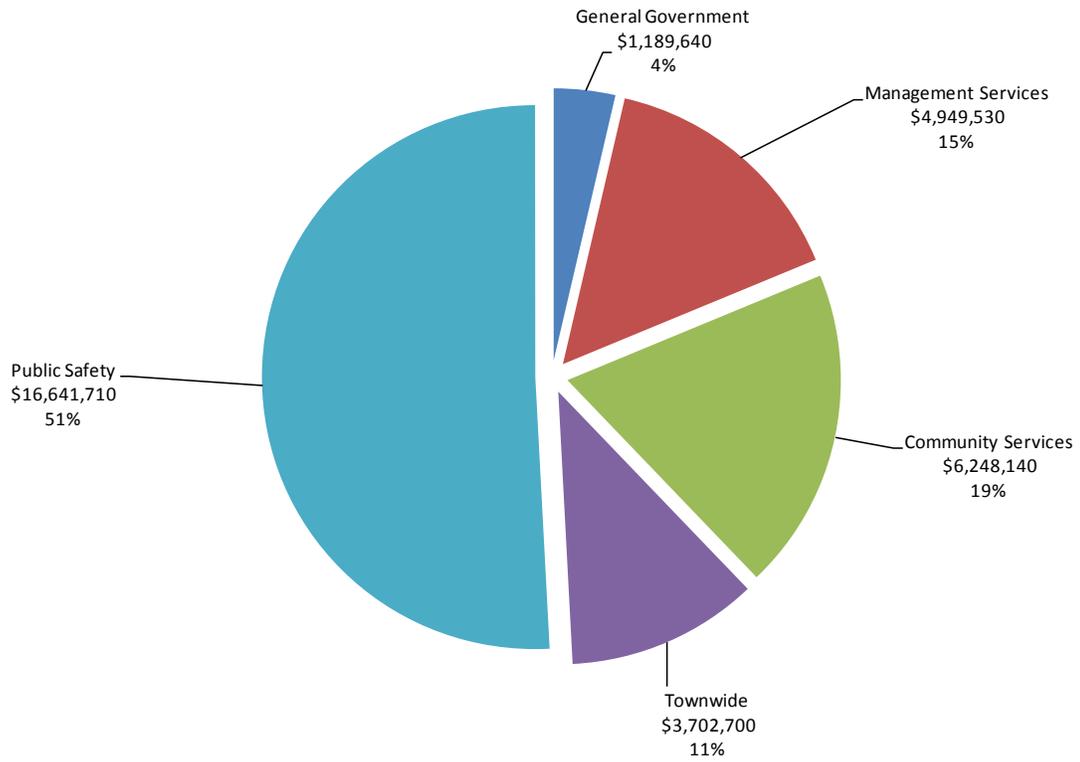
Funds from Prior Years (Fund Balance)

At the end of FY 2010 the Town had approximately \$14.0 million in undesignated funds held in reserve. In FY 2012 the Town will use approximately \$659,710 of these funds to balance the budget.

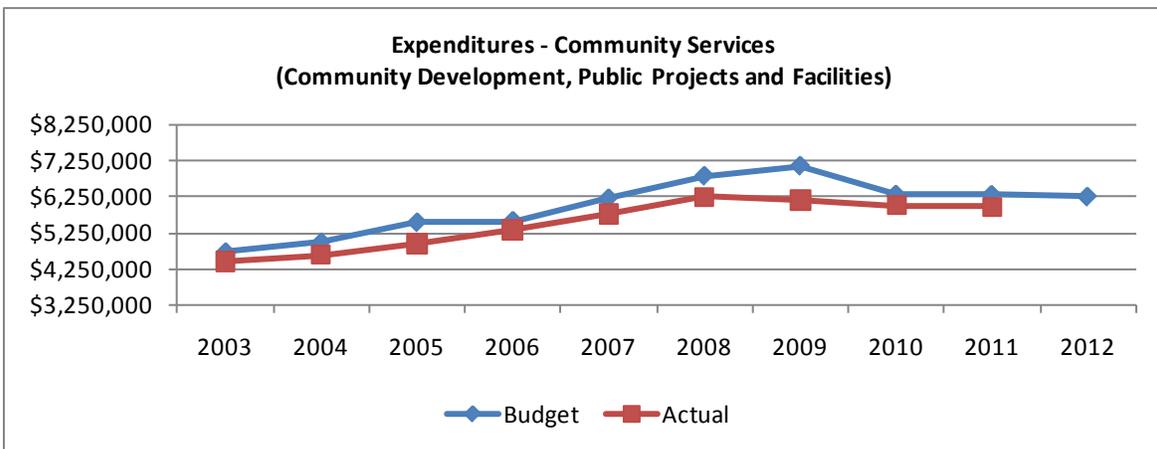
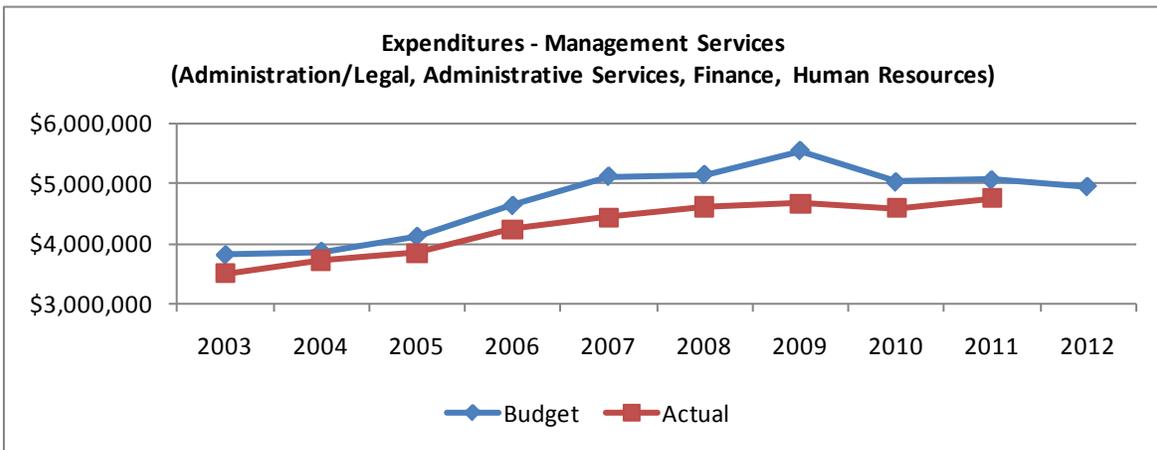
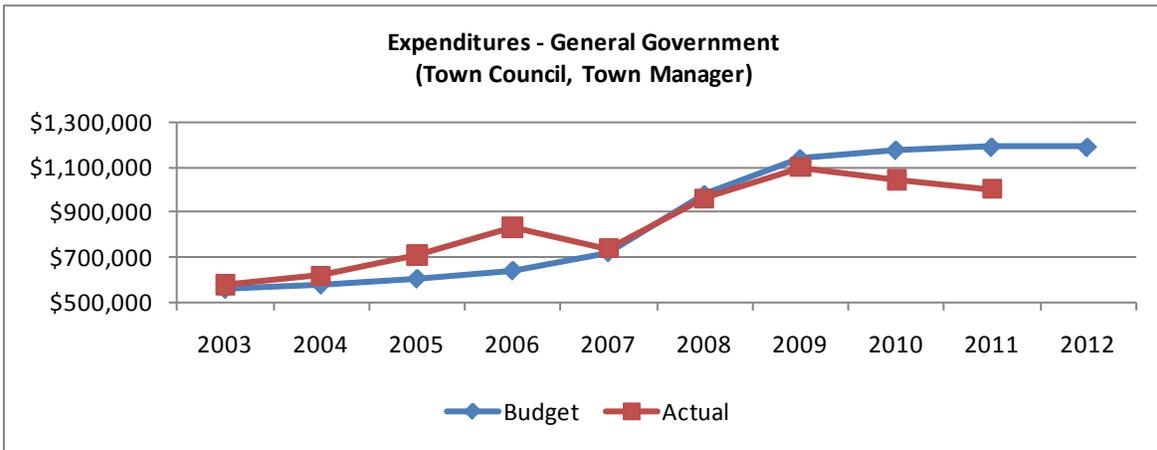
General Fund Expenditures

The Fiscal Year 2012 budgeted expenditures are programmed at \$32,731,720.

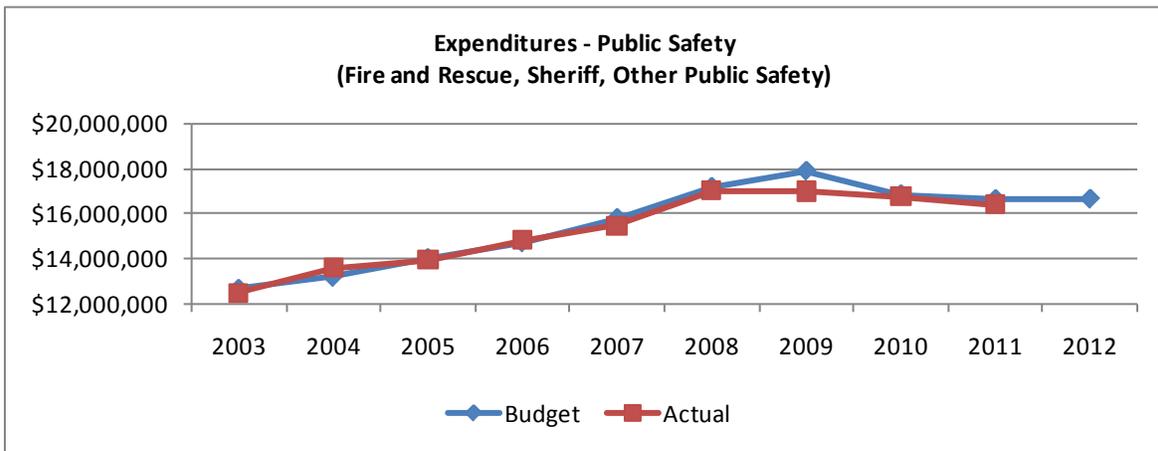
General Fund Expenditures by Program



Trend Analysis - Expenditures by Program



Trend Analysis - Expenditures by Program (continued)



Department Budgets

Program: General Government
Department: Town Council

Mission

To provide the leadership and policy guidance to assure that Hilton Head Island is and remains a high quality community that exceeds the expectations of its 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 performing 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.

Program: General Government
Department: Town Council

2011 Achievements

- Support for the Heritage Golf Tournament
- Special Events and Celebrations
- Comprehensive Plan: Adoption
- OCIL Zoning: Adoption
- Mitchellville Lease Agreement
- AAA Bond Rating
- Fire Station #5 Opening
- Pathways: New Orleans Road, Avocet Road, Lagoon Road
- Recycling Program
- William Hilton Parkway

2012 Top Priorities

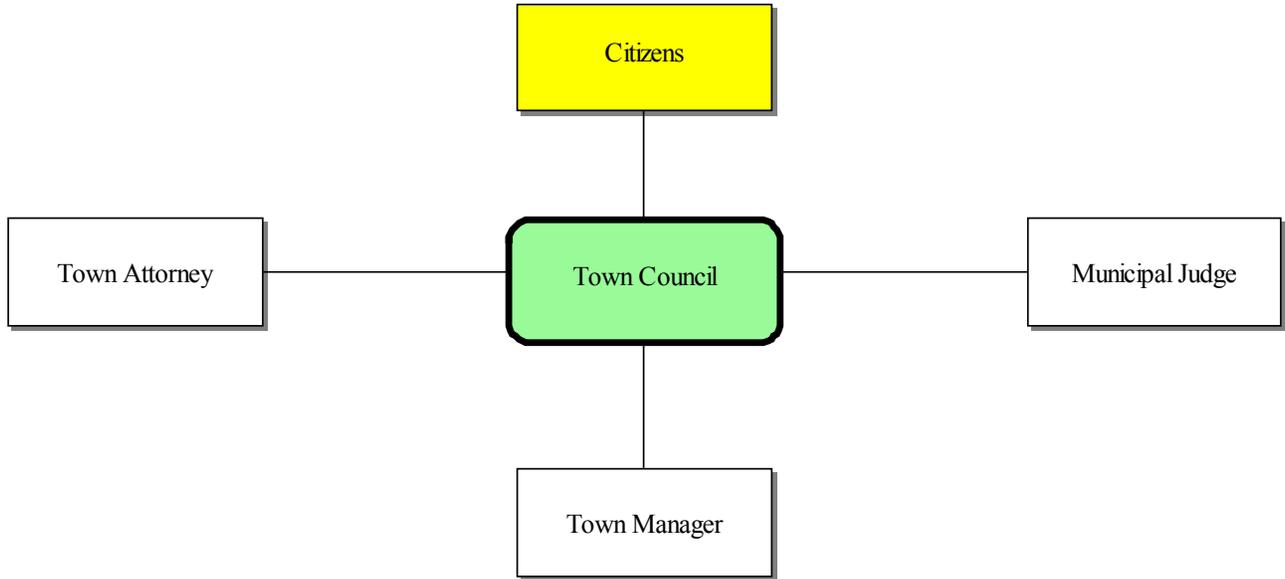
- Heritage Golf Tournament: Financial Mechanism
- Coligny Area Redevelopment: Conceptual Plan, Direction, Town's Role
- Technology Infrastructure: Evaluation, Direction, Town's Role
- LMO Modifications
- South Island Marinas Dredging: Town Role and Direction
- Redevelopment Authority/Community Development Corporation: Evaluation, Direction

2012 High Priorities

- Proactive Marketing Campaign and Program: Evaluation of Current Programs and Funding, Comprehensive Plan, Future Direction and Action Steps
- Economic Development Corporation/Commission:
- Evaluation, Direction
- Center (Conferences and the Arts): Direction
- Shelter Cove Area Redevelopment: Conceptual Plan, Direction, Town's Role
- Mitchellville Development: Future Direction, Town's Role and Funding

Chaplin Linear Park and Boardwalk: Detail Plan, Land Acquisition, Potential Private Partnership, Project Prioritization

Program: General Government
 Department: Town Council



Note: The salaries and benefits associated with the Town Manager and Municipal Judge are budgeted in the Town Manager's and the Municipal Court's budgets respectively.

Expenditures by Program/Category

Town Council	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Summary By Category								
Personnel	\$ 74,346	\$ 72,978	\$ 70,965	\$ 85,080	\$ 65,117	\$ 85,080	\$ -	0.00%
Operating	355,061	282,727	221,636	353,693	300,019	358,250	4,557	1.29%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 429,407	\$ 355,705	\$ 292,601	\$ 438,773	\$ 365,136	\$ 443,330	\$ 4,557	1.04%
Positions	7.0	7.0	7.0	7.0	7.0	7.0	-	0.00%

Program: General Government
Department: Town Manager

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

Hilton Head Island has a Council-Manager form of government. In this form of government, Council hires a "Manager." The Manager has executive powers, while Council has legislative (policy setting) powers.

The Town Manager is the chief executive officer and head of the administrative branch of the municipal government. He is responsible to the council for the proper administration of all affairs of the municipality.

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.

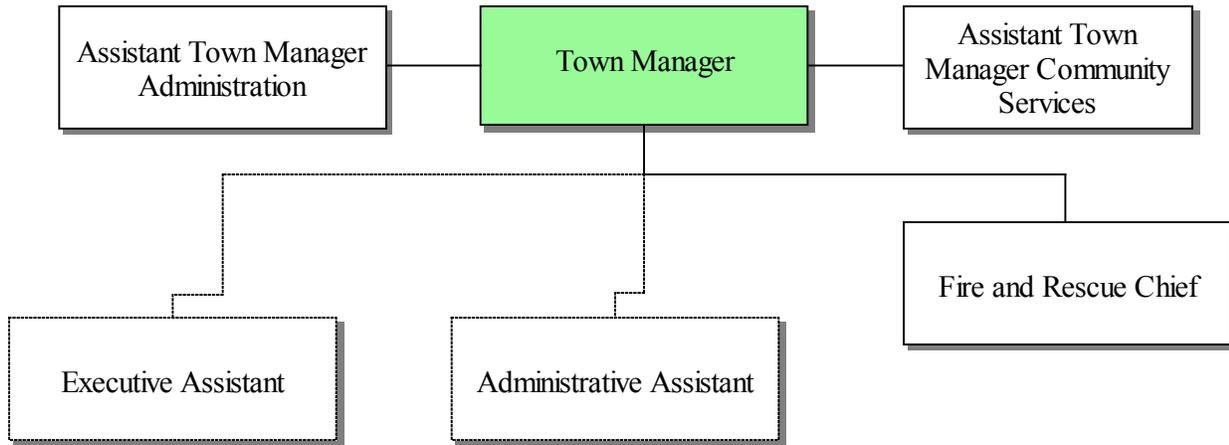
2011 Accomplishments

- Worked successfully with Town Council, Departments and Divisions in setting and achieving goals.

2012 Goals

- Assist Town Council, Departments and Divisions to achieve their goals
- Airport: Next Steps
- Recreation Center Expansion Feasibility Study: Policy Direction
- Eco Tourism Conference – work with Chamber
- Habitat Housing Project: Implementation
- Legislative Program: Town
- Stormwater Utility Needs, Agreements and Funding

Program: General Government
 Department: Town Manager



Note: The two assistants are budgeted in the Town Manager's Department; however, they are direct reports to the Administration Department's Legal Administrative Manager. The Fire and Rescue Chief's salary is budgeted in the Fire and Rescue Department.

Expenditures by Program/Category

Town Manager	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change
Summary By Category							
Personnel	\$ 501,697	\$ 723,053	\$ 731,153	\$ 727,240	\$ 616,067	\$ 721,310	\$ (5,930)
Operating	32,772	21,862	20,723	24,300	20,900	25,000	700
Capital Outlay	-	-	-	-	-	-	-
Total	\$ 534,469	\$ 744,915	\$ 751,876	\$ 751,540	\$ 636,967	\$ 746,310	\$ (5,230)
Positions	4.0	5.0	5.0	5.0	5.0	5.0	-

Program: Management Services
Division: Administration/Legal

Mission

To provide administrative leadership, supervision, support and direction to the Finance Department, Human Resources Division, Administrative Services Division, Code Enforcement, and Legal 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 misdemeanor offenses in Municipal Court. Provide support and assist with the Town's Community Information Initiatives. Provide support and assist with the Town's Special Event Process. Promote Town news and publish Town-related articles in various Island publications. Provide support and assist with the Town's State Legislative Agenda.

Core Services

Administration

Assist Town Manager with Town-wide oversight. Manage Community Information Program to include Mayor/Town Manager correspondence; media relations; promotion of Town news; newsletter publication; magazine articles; speech writing; liaison with Beaufort County Sheriff's Office and Latin Community. Provide assistance with the Town's State Legislative Agenda. Provide assistance with the Town's Special Event Process. Manage Finance Department, Human Resources Division, and Administrative Services and Legal Division.

Legal Services

Provide effective legal representation for the Town, providing continuing legal updates to Town Staff, draft and review contracts, draft and review ordinances and resolutions, review and process Freedom of Information Act requests, update Town Codes, and manage overall Code Enforcement Program. Prosecute misdemeanor offenses of criminal domestic violence, simple possession of illegal drugs, and driving under the influence in Municipal Court when defendants request a jury trial. Represent the Town in all appeals of Municipal Court cases. Advise BCSO deputies and Code Enforcement Officers as needed regarding criminal offenses committed on Hilton Head Island.

2011 Accomplishments

- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2009-2010 State Legislation.
- Assisted with the development and implementation of the Town Council Policy Agenda 2010 and Management Agenda 2010.
- Assisted with the promotion of the Heritage Golf Tournament.
- Produced Benchmarking data on Fire & Rescue, Finance, and other Departments.
- Permitted over 46 Special Events on the Island.
- Processed over 100 Freedom of Information Requests.
- Assisted with drafting Recycling and Solid Waste Collection Ordinance and issuing Franchise for Recycling and Waste Collection.

Program: Management Services
 Division: Administration/Legal

2011 Accomplishments (continued)

- Assisted with the drafting of a Property Maintenance Ordinance.
- Assisted with the dissemination of Town information in newspaper articles, magazines, and television to keep the community informed on Town issues and projects.
- Continued education of residents/guests regarding Light Ordinance and the effects of lights on sea turtles in an effort for an enhanced and successful turtle nesting season.
- Worked with deputy sheriffs to teach trial advocacy for jury trials so deputies are more experienced in jury trials.

2012 Goals, Objectives, and Performance Measures

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

Objective: To review, draft and negotiate contracts and agreements between the Town and other entities or persons in a timely manner.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Average review of contracts within 3 days	80	75	75
Workers compensation compliance	98.00%	98.00%	98.00%

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

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Average response to FOIA Requests within 10 days	50	100	130

Goal 2: To oversee the State Legislative Agenda and strategies and provide assistance to support the Town's positions on legislative issues.

Objective: (1) To monitor Town's priority legislation, (2) to support Town Council Intergovernmental Relations Committee; and (3) to draft letters of support or opposition to legislators.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Review and Distribute MASC Legislative Alerts	30	30	30
Draft Committee Agendas and attend meetings	9	9	9
Letters of support or opposition	20	20	20

Program: Management Services
 Division: Administration/Legal

2012 Goals, Objectives, and Performance Measures (continued)

Goal 3: To provide administrative support for the Town’s Special Event application process.

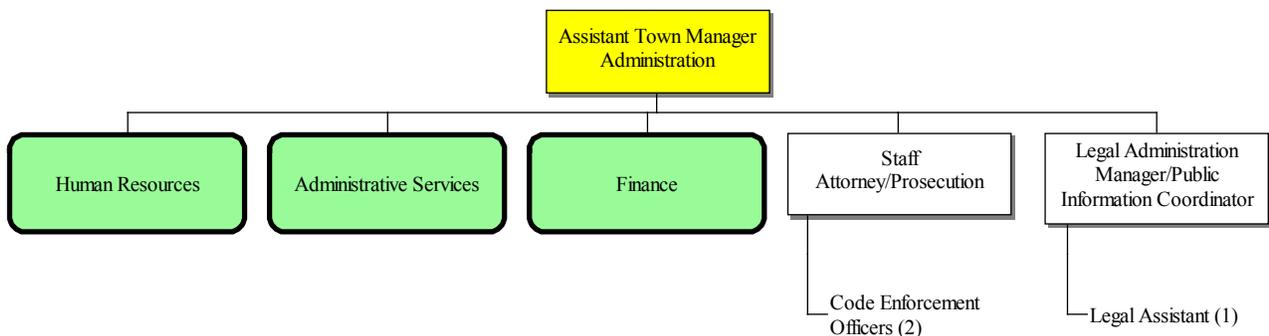
Objective: To review applications, advise applicants of ordinance requirements and required documentation distribute application to key staff and BCSO liaison, coordinate meetings, draft correspondence/permits, obtain necessary signatures, and notify parties of approved events.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Number of special event applications processed	41	46	48
Number of non-special events reviewed and processed	20	20	20

Goal 4: To provide competent legal presentation on behalf of the Town in prosecuting trials in Municipal Court.

Objective: To prosecute Driving Under the Influence, Criminal Domestic Violence, and SPM jury trials in Municipal Court in a timely manner.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Attorney prosecutions	76	100	100
Attorney assists Deputy with prosecution	35	25	25
Attorney assists Code Enforcement with prosecution	21	21	21



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

Program: Management Services
 Division: Administration/Legal

Expenditures by Program/Category

Administration/Legal	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Summary By Category								
Personnel	\$ 591,169	\$ 408,260	\$ 400,866	\$ 417,190	383,492	\$ 409,380	\$ (7,810)	-1.87%
Other	25,550	22,271	28,010	53,900	24,890	34,400	(19,500)	-36.18%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 616,719	\$ 430,531	\$ 428,876	\$ 471,090	\$ 408,382	\$ 443,780	\$ (27,310)	-5.80%
Positions	6.0	5.0	5.0	5.0	5.0	5.0	-	0.00%

Program: Management Services
Division: Administrative Services

Mission/Core Services

Administrative Support (Town Clerk)

Manage Town Library, Voter Registration and Absentee Ballot Office, and coordinate elections with Beaufort County. Administer Records Management Program and provide Town receptionist services.

Municipal Court

Provide administrative and clerical support for the Municipal Court to include assisting in the processing of dispositions for criminal offenses, traffic and ordinance violations on Hilton Head Island.

Information Technology

Manage Town's Wide-Area-Network (WAN) to include all required hardware and software that support basic connectivity/services. Oversee all aspects of contracting and purchasing. Manage risk management, fixed assets and logistics for emergency management. Design and maintain the Town's Website/Intranet to include all associated electronic online government services. Provide technical support for all enterprise level software to include the design and maintenance of the Town's Geographic Information System. Provide computer training and support for audio visual systems to include those that support Council Chambers and the Municipal Court.

2011 Accomplishments

1. Completed total redesign of the Town's Website that also included the implementation of an electronic subscription service for citizens to automatically receive electronic updates to key information as changes occur to key documents. This system also provides the ability to send both text and email alerts for emergency situations.
2. Continued our efforts on a multi-year project to digitize all town records and the implementation of an enterprise records management system.
3. Added additional security cameras at Chaplin Dog Park and installed 19 security cameras at Islander's Beach Park. Added security cameras focused traffic utilizing Coligny Circle.
4. Created WiFi hot spots for public free use at Coligny Beach Park, Compass Rose Park and key areas within Town Hall.
5. Provided automated traffic ticket capabilities for three additional Sheriff Deputies as part of our automated traffic ticket program.

Program: Management Services
 Division: Administrative Services

2012 Goals, Objectives, and Performance Measures

Goal:

To provide for cost-effective state of the art management information systems and support services to enhance employee productivity throughout the Town.

Objective: To maintain the host system back-up and recovery process to ensure recovery media is available in the event of a system failure or disaster.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Daily full system backups performed	272	272	272
Number of system failures	0	0	0
System failure recovered within 24 hours	0	0	0

Objective: To respond to critical Munis, microcomputer and LAN calls within 1 hour and to complete all departmental Help Desk requests in a timely manner.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Respond to critical calls in 1 hour	95%	95%	95%
Help Desk (DP) requests completed:			
Within 30 days	3	3	3
Within 60 Days	0	0	0

Goal:

To administer effective and impartial justice for citizens in order to provide due process and enhance public safety.

Objective: To review probable cause affidavits, issue arrest/search/bench warrants, issue orders, research case law, hold trials and hearings, set dockets, review case load for dockets and completed State mandated training. This activity is comprised of Judiciary and support staff involved mainly with judicial processes related to misdemeanors, including traffic and non-traffic offenses as well as non-compliant parking violations.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Number of cases docketed	10,100	10,000	10,300
Number of cases disposed	8,700	8,780	8,960
Number of search warrants issued	30	30	40
Number of arrest warrants issued	600	612	730
Number of bench warrants issued	1,400	1,450	1,500

Program: Management Services
 Division: Administrative Services

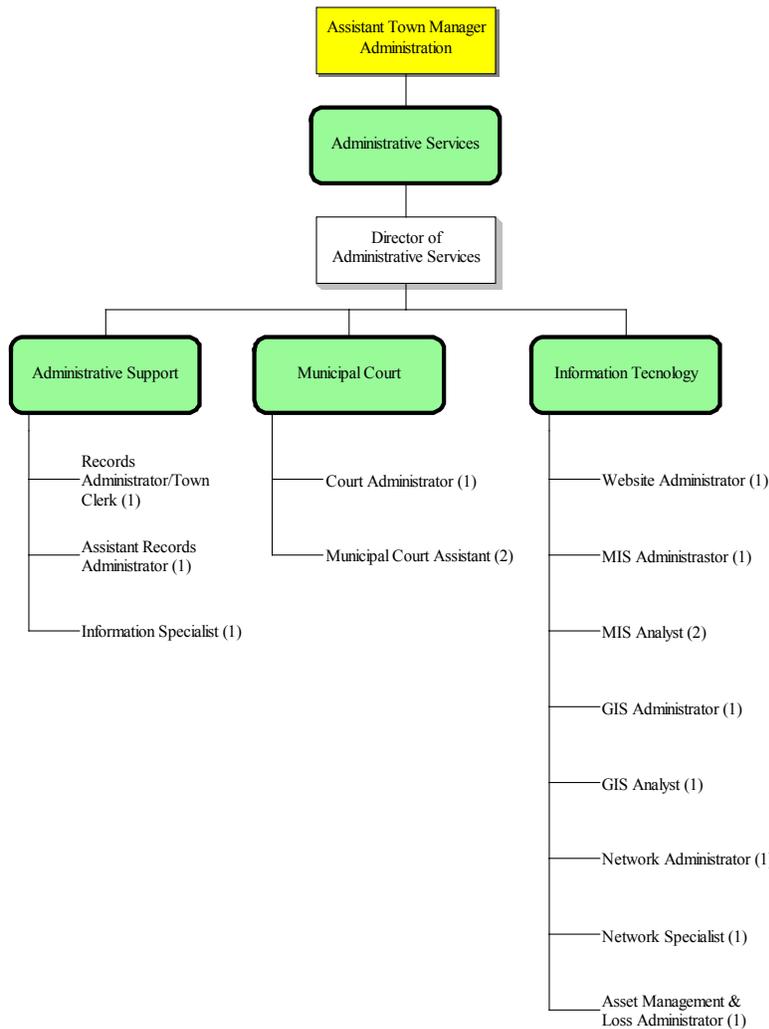
2012 Goals, Objectives, and Performance Measures (continued)

Goal:

Administer the Town’s records management program.

Objective: To effectively and efficiently receive and process official Town records from all departments. To ensure that all records received for processing are converted to micro film no later than twelve months from the date received.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Number of plans processed	2,500	2,500	2,500



Note: The Assistant Town Manager's salary and benefits are budgeted in the Town Manager's Department. Also the Municipal Judge’s salary and benefits are budgeted in the Municipal Court budget but the position is reflected in the Town Council’s org chart.

Program: Management Services
 Division: Administrative Services

Expenditures by Program/Category

Administrative Services	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Program Summary								
Administrative Support	\$ 182,793	\$ 215,541	\$ 193,428	\$ 237,830	\$ 224,995	\$ 213,840	\$ (23,990)	-10.09%
Municipal Court	392,536	402,796	395,051	413,720	412,152	395,830	(17,890)	-4.32%
Information Technology	1,534,236	1,598,222	1,605,930	1,686,843	1,650,850	1,672,740	(14,103)	-0.84%
Total	\$ 2,109,565	\$ 2,216,559	\$ 2,194,409	\$ 2,338,393	\$ 2,287,997	\$ 2,282,410	\$ (55,983)	-2.39%
Summary By Category								
Personnel	\$ 1,314,579	\$ 1,409,484	\$ 1,391,265	\$ 1,414,730	\$ 1,407,108	\$ 1,418,710	\$ 3,980	0.28%
Other	694,055	702,659	709,943	796,740	755,991	770,700	(26,040)	-3.27%
Capital Outlay	100,931	104,416	93,201	126,923	124,898	93,000	(33,923)	-26.73%
Total	\$ 2,109,565	\$ 2,216,559	\$ 2,194,409	\$ 2,338,393	\$ 2,287,997	\$ 2,282,410	\$ (55,983)	-2.39%
Positions	17.5	17.5	17.5	17.5	17.5	17.0	(0.5)	-2.86%

Program: Management Services
Division: Human Resources

Mission

To provide high quality and cost-effective human resource programs and services designed to attract, retain and develop diverse employees committed to the achievement of the Town's strategic objectives.

Core Services

Recruitment and Selection

Develop, implement and administer recruitment and selection activities including advertising, screening, interviewing, assessment/testing, background checking, new hire selection, and offer determination designed to attract qualified employees.

Total Rewards Management

Develop, implement and administer compensation, benefit and work life programs to encourage employee retention and support the organization's strategic objectives and values.

Talent Management

Develop, implement and administer activities and programs to facilitate succession planning and management, performance management, employee training, leadership development, and organization design to ensure that workforce performance meets current and future organization needs.

Employee Relations

Develop, implement and administer human resource policies, processes, and technology and work life initiatives to enhance organization effectiveness.

2011 Accomplishments

- Effectively facilitated implementation of workforce, compensation and benefit changes in response to economic downturn.
- Achieved 2011 Workers' Compensation premium cost reduction of over 28% through effective WC program management, improved claims experience, increased discounts/credits, and continuing emphasis on employee safety
- Effectively managed comprehensive administrative staff retirement program evaluation, resulting in significant program enhancements
- Supported key organization redesigns, succession planning and position modifications, resulting in improved performance quality, increased productivity and reduced cost
- Supported development and delivery of townwide training initiatives designed to effectively support employee business, financial and wellness needs while addressing budget constraints.
- Improved employment and performance management processes to more effectively address employee recruitment and retention.

Program: Management Services
 Division: Human Resources

2011 Accomplishments (continued)

- Managed HR programs to comply with new federal laws (i.e. Health Care Reform), appropriately addressed changes in federal regulations, and monitored pending legislative impact
- Implemented process and form changes to incorporate user-friendly enhancements and support “green” initiatives
- Implemented numerous employee wellness initiatives to include health fairs, lunch and learn sessions, exercise classes, a new Employee Assistance Program provider, etc.

2012 Goals, Objectives, and Performance Measures

Goal 1: To attract and retain high quality staff capable of achieving Town goals.

Objective: Effectively manage recruitment process.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
# of positions filled	15	33	26
# of external hires	10	18	16
% of external offers accepted	71.4	78.3	76.2
Avg. time to fill positions (requisition approval to offer acceptance)	33 days	27 days	30 days
Cost per hire (exc. Staff/HR time)	\$653.73	\$717.50	\$812.50

Objective: Retain employees capable of achieving Town goals.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Overall turnover rate	5.30%	8.10%	6.50%
Voluntary turnover rate	4.10%	6.50%	5.30%
Involuntary turnover rate	1.20%	1.60%	1.20%
# terminating during first year	0	0	1
High performer loss	1	2	2
Average length of service (in years)	11.22	11.37	11.88

Program: Management Services
 Division: Human Resources

2012 Goals, Objectives, and Performance Measures (continued)

Goal 2: Offer a competitive total rewards program.

Objective: Maintain competitive compensation programs.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Merit budget (within 1% of public sector national average)	Yes	Yes	Yes
# of resignations due to salary	0	0	1

Objective: Maintain competitive benefit programs.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Benefits as % of salary	32.85	34.21	33.05

Goal 3: Support organization/employee effectiveness and productivity

Objective: Facilitate effective succession planning, career development and organization design initiatives.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
# of promotions	3	11	7
# of transfers	2	4	3
Internal placement rate	33.30%	45.50%	38.50%
# of positions created/re-evaluated	10	7	10
# of organization redesigns supported	2	2	1

Objective: Provide effective interdepartmental talent development initiatives.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
# of interdepartmental training participant hours	2,270	2,146	2,243
# of tuition reimbursement participants	16	17	19
# of certification/degree bonuses given	6	12	10

Program: Management Services
 Division: Human Resources

2012 Goals, Objectives, and Performance Measures (continued)

Objective: Monitor employee wellness; encourage participation in wellness initiatives.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Non-FMLA sick leave (% of work hrs)	2.21	1.95	2.00
# of reported employee injuries	46	36	34
# of lost work days due to injury	51	71	61
% using medical preventive care benefit	25	30	27
% using dental preventive care benefit	30	35	34
% participating in Health Fairs	46	49	51

Goal 4: To effectively facilitate planning, projects, processes or activities that support supervisors and employees in achieving Town goals.

Objective: Maintain effective employee job performance.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
% of employees who met or exceeded job performance expectations	87.70%	88.00%	90.00%

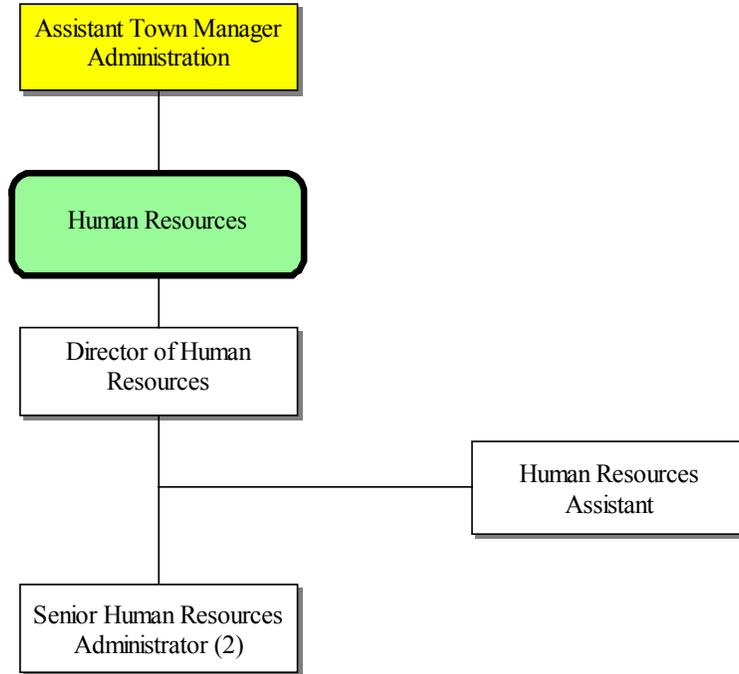
Objective: Maintain positive employee relations.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
# of formal complaints resolved (i.e. grievances, EEO charges)	2	2	2

Objective: Deliver comprehensive, cost-effective and high quality customer support.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Ratio of HR FTE's to total FTE's	1/62.75	1/62.50	1/61.65

Program: Management Services
 Division: Human Resources



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

Expenditures by Program/Category

Human Resources	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Summary By Category								
Personnel	\$ 461,721	\$ 453,239	\$ 446,030	\$ 395,760	400,382	\$ 410,710	\$ 14,950	3.78%
Other	126,077	150,275	81,871	163,930	111,410	135,060	(28,870)	-17.61%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 587,798	\$ 603,514	\$ 527,901	\$ 559,690	\$ 511,792	\$ 545,770	\$ (13,920)	-2.49%
Positions	4.0	4.0	4.0	4.0	4.0	4.0	-	0.00%

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.

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. Compile 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.

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 (Land Bank), Home Grant and Electric Franchise Fee. Provide effective accounting support to staff and committees.

Revenue and Collections

Collection of Town-wide funds including business license fees, hospitality taxes, accommodations taxes, beach preservation fees, franchise fees, and beach passes. Perform Emergency Medical Services billing and collections. 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. Perform audits of County tax records to ensure the accuracy of the Town’s assessed property valuations.

Program: Management Services
 Department: Finance

2011 Accomplishments

- The Town was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association for the twenty first year and the Distinguished Budget Presentation Award for the sixth year.
- Received an unqualified opinion from the independent external auditors on the financial statements and did not receive any findings related to internal controls over financial reporting.
- Will process approximately 5,770 business license renewals, 1,625 hospitality taxes payments, 2,440 accommodation taxes/beach preservation fees payments, and issuing 1,397 beach passes for the fiscal year. In addition, staff will bill for approximately 3,243 emergency medical calls.

2012 Goals, Objectives, and Performance Measures

Goal: Maintain strong credit rating of the Town.

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

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Standard & Poor's Bond Rating	AA+	AA+	AA+
Moody's Investors Bond Rating	Aa1	Aa1	Aa1
Fitch Bond Rating	AA	AA	AA
Debt percent of Legal Debt Margin without a Referendum	15.40%	14.30%	14.30%
Adequate funds available to fund CIP projects	100%	100%	100%

Goal: Ensure compliance with finance-related legal requirements and provide reporting in conformance with generally accepted accounting principles (GAAP).

Objective: To provide timely development of accurate, effective and informative financial reports and operating and capital budgets.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
GFOA Certificate of Achievement for Excellence in Financial Reporting (CAFR) received	Yes	Yes	Yes
GFOA Distinguished Budget Presentation Award received	Yes	Yes	Yes

Program: Management Services
 Department: Finance

2012 Goals, Objectives, and Performance Measures (continued)

Goal: Provide effective management of funds received by the Town.

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

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Business license renewals processed	5,300	5,770	5,650
Hospitality tax receipts processed	1,622	1,625	1,650
Bed tax (ATAX/Beach Preservation Fees) receipts processed	2,037	2,440	2,500
Beach passes issued	750	1,397	1,400
Miscellaneous receipts processed	2,000	1,555	1,600
Audits conducted	260	250	400
EMS calls billed	3,132	3,243	3,200
EMS collections (payments)	\$ 1,201,935	\$ 1,274,000	\$ 1,250,000
EMS charges billed	\$ 1,452,155	\$ 1,498,806	\$ 1,480,000

Goal: Provide a high level of customer service.

Objective: Upon submission of all required documentation a new business licenses will be issued in a timely and accurate manner.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
New OOC/OOS business licenses issued within within one (1) business day	99%	99%	99%
New home-based business licenses issued within within five (5) days	99%	99%	99%
Store front business licenses issued within 15 days	99%	99%	99%

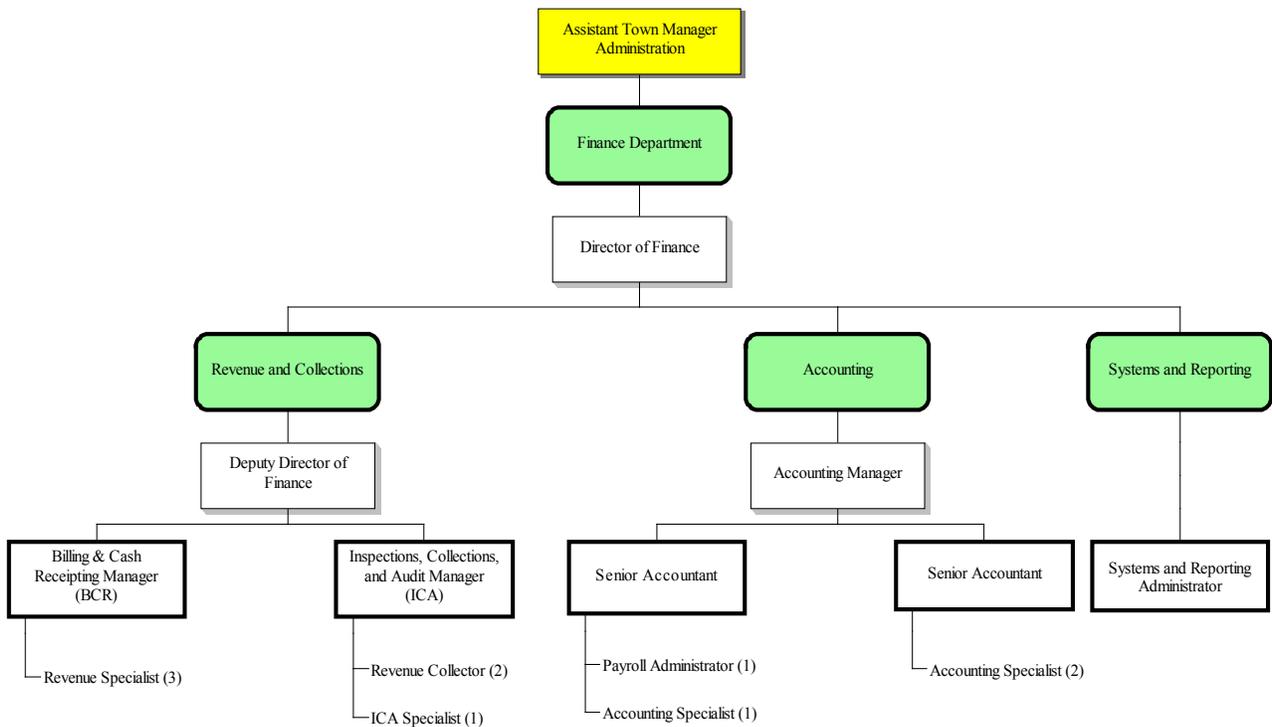
Program: Management Services
 Department: Finance

2012 Goals, Objectives, and Performance Measures (continued)

Goal: Ensure business license compliance and enforcement of Town Code.

Objective: Conduct business license site visits/contacts.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Business license site visits/contacts	300	1,000	1,200



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

Program: Management Services
 Department: Finance

Expenditures by Program/Category

Finance	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Program Summary								
Administration	\$ 188,035	\$ 189,314	\$ 213,968	\$ 234,890	\$ 216,276	\$ 227,350	\$ (7,540)	-3.21%
Accounting	629,475	660,880	565,988	662,004	606,538	662,040	36	0.01%
Revenue and Collections	478,151	566,623	659,308	792,670	726,133	788,180	(4,490)	-0.57%
Total	\$ 1,295,661	\$ 1,416,817	\$ 1,439,264	\$ 1,689,564	\$ 1,548,947	\$ 1,677,570	\$ (11,994)	-0.71%
Summary By Category								
Personnel	\$ 1,176,854	\$ 1,285,236	\$ 1,339,918	\$ 1,407,380	1,372,927	\$ 1,408,510	\$ 1,130	0.08%
Other	118,807	131,581	99,346	282,184	176,020	269,060	(13,124)	-4.65%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 1,295,661	\$ 1,416,817	\$ 1,439,264	\$ 1,689,564	\$ 1,548,947	\$ 1,677,570	\$ (11,994)	-0.71%
Positions	17.0	19.0	19.0	18.0	18.0	18.0	-	0.00%

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

- Oversee the revision and implementation of the Comprehensive Plan and Land Management Ordinance to improve their effectiveness and ensure development and redevelopment activities are in compliance with both documents.
- Oversee natural resource protection of the Island including tree and wetland regulations and water quality preservation.
- Selectively participate 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 with regional impacts.
- Participate in Town Council's Targets and Actions involving special projects dealing with land management, development and managing growth.
- Provide flood hazard determination to homeowners, insurance, legal and banking representatives.
- Maintain public records of flood elevation information.
- Manage 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.

Development, Review and Rezoning

- Manage and coordinate 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.
- Provide for periodic review and update of the Land Management Ordinance.
- Continue environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection.

Program: Community Services
Department: Community Development

Core Services (continued)

Comprehensive Planning

- Guide the revision and implementation of the Comprehensive Plan focusing on redevelopment strategies, Capital Improvement Program projects, Land Management Ordinance amendments and grants and other revenue sources.

Building

- Deliver prompt, efficient and courteous service in the management and coordination of the building permitting process. Receive and review applications, documentation and plans for compliance with current building code regulations as they apply to both single family and commercial structures. Collect permit fees and impact fees for both the Town and the County. Issue building permits and certificates of occupancy.
- Conduct seminars for the public pertaining to building code regulations.

Community Development Services

- Maintain accurate records and statistics of construction on Hilton Head Island. Respond to Freedom of Information requests in addition to requests for statistical reports.
- Communicate with the construction/development community through a quarterly publication which addresses code issues, inspection issues and procedures for permitting and inspection, and planning/development issues.
- Process over the counter and other small development and building permits.

2011 Accomplishments

- Council adopted the following:
 - Comprehensive Plan
 - Airport Tree LMO Amendment
 - Miscellaneous LMO Amendments (special events & vendors, public parking, dune protection)
 - Recycling Program
- Processed other LMO amendments still in review:
 - Airport Runway Length Amendment
 - Density Conversion Amendment
- Processed an auto sales LMO amendment which was denied by Town Council
- Processed a Municipal Code amendment on Property Maintenance which was not adopted by Town Council
- Research in progress on LMO Re-Write
- Completed assistance with Census Committee & count.

Program: Community Services
Department: Community Development

2011 Accomplishments (continued)

- Staffed the Mayor's Visioning Task Force and received their report.
- Designed & currently installing new street name signs on mast arms and corner posts
- Designed & installed Simmons Memorial Sign
- Regions Bank historic marker moved to Compass Rose Park.
- Processed 4 PPR (including Port Royal Beach Renourishment & 3 pathways); 7 ZMA; 5 VAR; 1 SER; 6 APL; 54 DR; 4 DPR; 49 XDPR; 5 SUB applications
- Processed 3092 Building Permits
- Co-sponsored Bike Friendly Workshop
- Fraser Statue installation at Compass Rose Park

2012 Goals and Objectives

Goal: Evaluate need for an Economic Development Corporation.

Objective: Coordinate with Priority Investment and Economic Development Elements of the Comprehensive Plan. Determine Town's Role.

Goal: Develop a Redevelopment Area Conceptual Plan for Coligny Activity Center.

Objective: Determine best urban design and capital improvement projects for public facilities in Coligny area and association with neighboring businesses and residential areas.

Goal: Re-write the LMO for more flexibility, simplicity and revitalization with concentration on redevelopment.

Objective: Determine methods for more flexibility via alternative means involving zoning issues and site design.

Goal: Evaluate and give direction on Redevelopment Authority/Community Development Corporation.

Objective: Tie in with Economic Development, LMO re-write, public-private partnerships, redevelopment.

Goal: Recreational Center and Aquatic Facilities Direction.

Objective: Seek approval by Council for Feasibility Plan and completion of master plan for construction of addition to Island Recreation Center.

Program: Community Services
Department: Community Development

2012 Goals and Objectives (continued)

Goal: Airport Runway: LMO Amendments to lengthen runway.

Objective: Draft LMO amendments for Council approval.

Goal: Evaluate business and master plan and define town's role in Mitchelville Development

Objective: Coordinate with Mitchelville Group for plans.

Goal: Create conceptual plan, determine town's role and direction in Shelter Cove Mall Redevelopment.

Objective: Coordinate with property owner; tie in with LMO re-write.

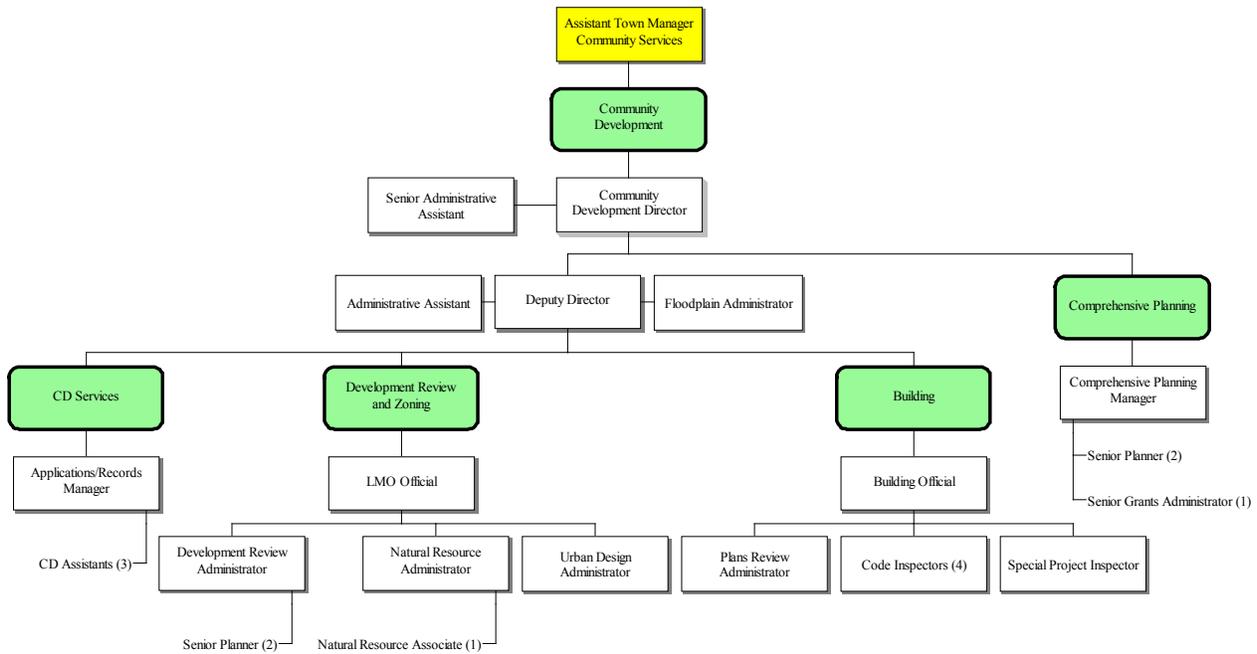
Goal: Develop detailed plans for Chaplin Linear Park.

Objective: Coordinate with redevelopment of Shelter Cove Mall.

Goal: Community Based Education Program on Environmental Stewardship

Objective: Tie in with Audubon Green Community Program.

Program: Community Services
 Department: Community Development



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

Expenditures by Program/Category

Community Development	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Program Summary								
Administration	\$ 397,850	\$ 545,247	\$ 541,226	\$ 551,340	\$ 564,085	\$ 572,540	\$ 21,200	3.85%
Comprehensive Planning	434,925	379,969	356,859	366,510	371,115	352,220	(14,290)	-3.90%
Development, Review & Zoning	635,470	835,876	791,780	794,450	682,484	878,110	83,660	10.53%
Building	1,308,838	759,928	667,371	679,850	608,506	617,150	(62,700)	-9.22%
CD Services	-	380,358	334,221	341,680	294,421	278,380	(63,300)	-18.53%
Natural Resources	209,938	-	-	-	-	-	-	N/A
Total	\$ 2,987,021	\$ 2,901,378	\$ 2,691,457	\$ 2,733,830	\$ 2,520,611	\$ 2,698,400	\$ (35,430)	-1.30%
Summary By Category								
Personnel	\$ 2,836,559	\$ 2,795,627	\$ 2,593,871	\$ 2,578,150	\$ 2,437,631	\$ 2,399,610	\$ (178,540)	-6.93%
Operating	150,462	105,751	97,586	155,680	82,980	298,790	143,110	91.93%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 2,987,021	\$ 2,901,378	\$ 2,691,457	\$ 2,733,830	\$ 2,520,611	\$ 2,698,400	\$ (35,430)	-1.30%
Positions	36.0	36.0	32.0	30.0	30.0	27.0	(3.0)	-10.00%

Program: Community Services
Department: Public Projects and Facilities

Mission

Provide excellent customer service. Ensure that the Town's infrastructure, properties, and facilities are effectively and efficiently managed and well maintained. Use the financial and physical resources of the Town wisely in order provide the public with a healthy, safe, and functional public environment; meet applicable standards. Encourage and instill job satisfaction; provide an environment for professional growth.

Core Services

Administration

Provide overall administration of the Facilities Management and Engineering Division. Manage the Town's Capital Improvement Program for roads, parks, pathways, beach facilities, beach renourishment, and drainage.

Engineering Services

Provide project management for design and construction of road, drainage, and pathway improvements. Review all plans for development to ensure compliance with the transportation, storm water management, and engineering standards of the Land Management Ordinance. Manage the Town's storm water utility program. Manage the Town-owned road network, as well as all traffic signals, street signs, and mile markers. Manage debris removal and disposal operations in a disaster recovery situation. Coordinate infrastructure projects and activities with other government agencies and utility service providers.

Facilities Management

Operate and maintain all Town facilities and property including pathways, highway medians, beach accesses, buildings and grounds. Manage and maintain the processes and systems for the issuance of special events permits, parking permits and boat permits; provide contract management and surveillance for town-wide facilities service contracts. Administer franchise agreements for beach related services and waste / recycling. Provide parking enforcement and act as liaison for Town beautification initiatives.

2011 Accomplishments

ENGINEERING SERVICES

- Completed the Mathews Drive North Pathway, Roundabout at Beach City Road
- Completed the storm drainage improvements in the Squire Pope neighborhood
- Completed the dredging of Miller's Pond
- Completed the installation of the first phase of the new-design ground mounted street signs
- Completed 60 Stormwater maintenance projects
- Design, Permitting, and Construction Arrow Road - Dunnagan's Alley Roundabout.

Program: Community Services
Department: Public Projects and Facilities

2011 Accomplishments (continued)

ENGINEERING SERVICES (CONTINUED)

- Coordination with SCDOT for the resurfacing of US 278 – Phases 2 and 3, the resurfacing of other State-maintained Roads – Marshland Road, Gum Tree Road, Spanish Wells Road, and portions of Mathews Drive and US 278 Business and coordination with the County for the resurfacing of County Roads – Palmetto Parkway, Northridge Drive, Cardinal Court, Pembroke Drive, Otter Hole Road, and New Orleans Road
- Design, Permitting, and Construction of new pathways along Dunnagan’s Alley and Palmetto Bay Road
- Design and permitting of new pathway along William Hilton Parkway, from Mathews Drive to Gardner Drive
- Design of road and pathway improvements along Arrow Road, from Dunnagan’s Alley to Target Road
- Design and permitting of the cross walks, refuges, and ancillary pathway improvements at William Hilton Parkway and Shipyard/Wexford and New Orleans/ Village at Wexford, with an auxiliary right turn lane from William Hilton Parkway W.B. onto New Orleans Road
- Design and permitting of a new pathway along William Hilton Parkway, from Spanish Wells Road to Jarvis Park Road
- Design of intersection improvements at William Hilton Parkway serving Honey Horn and at Gum Tree Road
- Design and permitting of a partial median closure William Hilton Parkway at Festival Center and Central Avenue
- Design and permitting of intersection improvements Hospital Center Blvd. and Main Street
- Operation and Maintenance of 22 Signalized Intersections and 27 Crosswalk / Pedestrian signals (6 more being designed), coordinated Traffic Signal infrastructure upgrades, and designed and installed temporary Emergency Traffic Signal at Pope Avenue and Lagoon Roads to support the temporary operation of an adjacent fire station

Program: Community Services
Department: Public Projects and Facilities

2011 Accomplishments (continued)

ENGINEERING SERVICES (CONTINUED)

- Installed Traffic Signal Mast Arms at William Hilton Parkway and Dillon Road and Coggins Point Road
- Acquired annual peak hour traffic counts and perform annual signalized intersection capacity analysis and Annual Traffic Monitoring and Evaluation Report as required by the LMO

FACILITIES MANAGEMENT

- TOWN HALL RENOVATIONS
 - Numerous flooring repairs to include new carpeting
 - Foaming insulation of buildings A, B, C, and D
 - Restroom renovations in Executive wing and Lobby area
 - Completion of all HVAC replacements
 - Engineering deck replacement
 - Renovation of both pathway bridges in the Xeriscape garden
 - Extension of existing curbing at the parking lot main entrance
 - Complete renovation of new stairwells between C and D building
 - Replaced canopy at the library entrance
- Installed hurricane armor screening at Facilities Management, F&R Headquarters, and F&R Training Center
- Demolition of Dunnagan's Theater as well as the repair/reinforcement of the connecting theater wall.
- Demolition of the Old Seafood Co-op dock
- Demolition and Clean up on the Town Owned property at #622 WHP
- Renovated old Smokehouse building to serve as Temporary Station #1 to include the building of a parking canopy for the Fire & Rescue vehicles.
- CIP upgrades to Bristol Sports Arena to include the Hockey Rink and Skateboard Park
- Initiate and Execute an RFP for the Town's Recovery/COOP site
- Construction of a canopy for the F&R Training Center Props
- Completion of Kiosk refurbishments to include roof replacement

Program: Community Services
Department: Public Projects and Facilities

2011 Accomplishments (continued)

FACILITIES MANAGEMENT (CONTINUED)

- Upgrades/replacement to various landscaping on, WHP, Cross Island, Mathews Drive, Oak Park Drive, and Compass Rose Park
- Completed renovations to include roof replacements at the Northridge and Sea Pines Circle bus stops
- Upgrades the foot showers, shower towers, dri-decking, drainage, and boardwalk decking at Coligny Beach Park
- Complete Renovations at Crossing Park-installed irrigation, install tile flooring, replace flood proof cinder block wall, remodel riser platforms, and upgrades/replace A/C.
- Boardwalk railing replacements at Islanders, Driessen, and Folly Field Beach Parks
- Renovations of Alder Lane restrooms to include- repairs, new paint, replacement of all bathrooms, and a new water fountain
- Completed extensive beach clean up to include debris removal from mile marker 1 thru 122 on three separate occasions
- Completed annual pathway repairs and rejuvenation projects
- Refurbish multiple crosswalk paintings
- Renovate Parking area at Islanders Beach Park-paver repair, pair due to root intrusion, added and installed 25 metered spots, re-stripe existing speed bumps, stop bars, handicap area, and numbering.
- Initiated and executed Recycling contract with Republic
- Completed 3,210 Work Orders from January 2010-January 2011 totaling \$1,064,098.54

2012 Objectives

ENGINEERING SERVICES

- Manage Capital Improvement Projects in accordance with the policies and procedures of the Town and provide support as necessary to the CIP program.
- Ensure compliance with the storm water and transportation engineering standards of the Land Management Ordinance in the design and construction of land development projects.
- Manage the storm water utility interests and infrastructure within the Town limits.
- Manage the closed loop traffic signal system, Town-maintained road network, and other traffic and transportation related activities in the best interest of the Town
- Manage the removal and disposal of disaster related debris, including contract administration, planning documents, coordination and legal agreements with other entities.

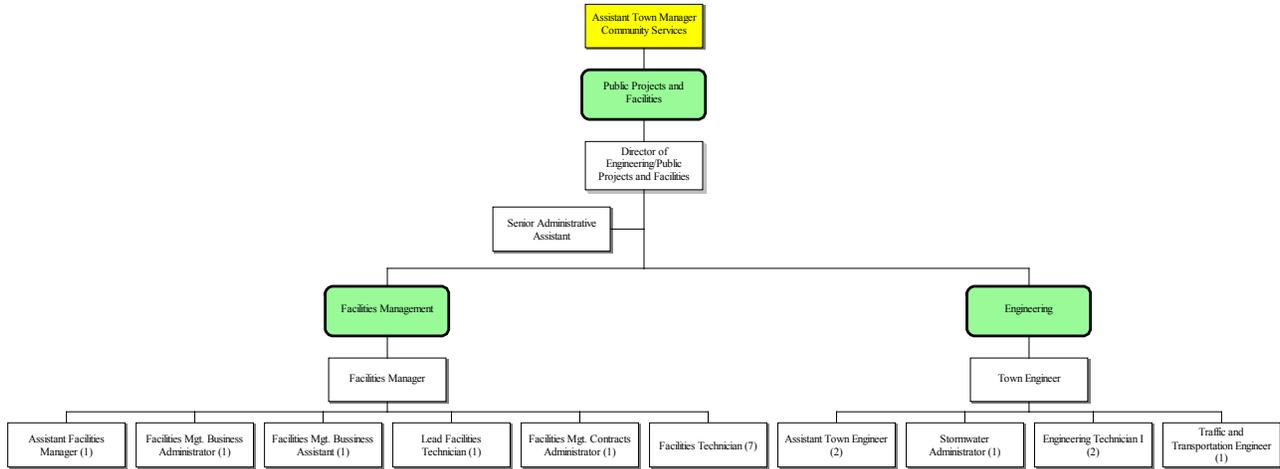
Program: Community Services
Department: Public Projects and Facilities

2012 Objectives (Continued)

FACILITIES MANAGEMENT

- Ensure effective and environmentally sensitive design of Facilities Management projects using “best management practices.” Refine and implement the long-term maintenance program for the Town’s infrastructure including cost allocation and fee structure.
- Continue the execution a comprehensive in house inspection and maintenance program for Town owned properties and facilities utilizing iMaint automated maintenance programs and quarterly inspection reports.
- Support and manage the escalating demands and costs of maintenance of all Town facilities to include the 7 Fire Stations and Fire/Rescue Headquarters.
- Provide Project Management as required for assigned Capital Improvement Projects
- Provide staff support as may be required for the expansion of the Town’s recycling program

Program: Community Services
 Department: Public Projects and Facilities



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

Public Projects & Facilities	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Expenditures:								
Program Summary								
Administration	\$ 313,303	\$ 232,327	\$ 230,029	\$ 232,420	\$ 232,740	\$ 235,780	\$ 3,360	1.45%
Engineering	609,123	646,190	719,746	828,280	786,806	685,650	(142,630)	-17.22%
Facilities Management	2,340,794	2,377,977	2,363,314	2,505,920	2,437,505	2,628,310	122,390	4.88%
Total	\$ 3,263,220	\$ 3,256,494	\$ 3,313,089	\$ 3,566,620	\$ 3,457,051	\$ 3,549,740	\$ (16,880)	-0.47%
Summary By Category								
Personnel	\$ 1,660,556	\$ 1,610,107	\$ 1,661,082	\$ 1,757,030	\$ 1,699,264	\$ 1,612,750	\$ (144,280)	-8.21%
Operating	1,602,664	1,646,387	1,652,007	1,809,590	1,757,787	1,936,990	127,400	7.04%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 3,263,220	\$ 3,256,494	\$ 3,313,089	\$ 3,566,620	\$ 3,457,051	\$ 3,549,740	\$ (16,880)	-0.47%
Positions	21.0	21.0	21.0	22.0	22.0	20.0	(2.0)	-9.09%

Program: Public Safety
Department: Fire and Rescue

Mission

To provide fire, rescue, emergency medical and emergency services to our community and our visitors through a cost effective and efficient delivery system designed to enhance a safe environment for the public.

Core Services

- Respond to emergencies such as fire, medical, hazardous material, a wide variety of rescues and natural disasters. Provide a wide variety of services to the public such as water clean up and lock-out service; assisting the elderly when no one else will provide assistance...Fire and Rescue is truly the community "Safety Net."
- Operate seven fire stations, a dispatch center and headquarters located near the Airport. Manage enhanced 911 emergency communications for Hilton Head Island, Hilton Head Island Airport and Daufuskie Island in addition to serving as backup communication center for Beaufort and Jasper County.
- Conduct fire safety inspections of multi-family dwellings and commercial buildings; provide public educational programs for all ages (i.e., CPR for the public, fire safety for the young and elderly, fire extinguisher use, First Aid, AED use and child car seat inspections, etc.).
- Participate in the Town-wide Safety Program including safety inspections for Town-owned facilities; conduct required fire and EMS employee training; administer the Town's Comprehensive Emergency Management Program; provide maintenance for all Town-owned vehicles and maintain all Fire and Rescue facilities and apparatus in a ready state for response.

2011 Accomplishments

- Fire & Rescue reduced engine and medic "Out of Service" occurrences (Station Closures). From July 1, 2008 through June 30, 2009 Fire & Rescue experienced 2,795 fire apparatus "out of service" occurrences and 1,772 medic unit "out of service" occurrences. Existing personnel were redeployed and the results were that from July 1, 2009 through June 30, 2010 Fire & Rescue experienced 1,457 fire apparatus "out of service" occurrences and 1269 medic unit "out of service" occurrences. This represents a reduction in "out of service" occurrences for fire apparatus of 47.85% and a reduction for medic units of 28.4%.
- Fire & Rescue conducted 2,390 Fire Safety Inspections, installed 17 Knox boxes, presented 489 Public Education programs, taught 322 CPR/First Aid students, installed 167 car seats and performed 66 construction plans reviews for new and renovated construction projects from the Town's Community Development Department.

Program: Public Safety
Department: Fire and Rescue

2011 Accomplishments (continued)

- On December 4, 2010 Fire & Rescue held a side by side burn demonstration to raise awareness about home fire safety. The demonstration allows people to visualize how fire grows, when the smoke alarm activates and how little time there is to react. It also drives home many of the messages we teach in the community such as why you must have working smoke detectors, why we teach crawl low in smoke and why it is important to get out and stay out. The burn demonstration also allowed the viewers to see the difference between a home that is protected by a fire sprinkler system and one that is not. The funding for the demonstration was provided through a grant from the Home Fire Sprinkler Coalition. Several local businesses donated materials or services to the effort as well. About 135 people attended the demonstration.
- Fire & Rescue ordered, received, and placed into service 2 new Quints. These units have added capability over the previous Quint apparatus with longer aerial ladders of 103' versus 75', larger booster tanks, integral foam systems, and larger generators and enhanced safety features.
- Fire & Rescue signed a purchase contract for a replacement "tractor" and re-furbishment of the ladder trailer of the reserve tillered aerial apparatus. This will allow for a five year front line service and five year reserve life expectancy for this vehicle.
- Maintenance provided 836 scheduled vehicle maintenance inspections and corrective repairs throughout the year on all 82 Town owned vehicles and also completed the re-chassisng of 3 medic units to include mounting of enhanced equipment and placed into service. Additionally, 3 Bureau of Fire Prevention, 2 Emergency Management and the Battalion-1 response vehicle were replaced in order to reduce service costs and improve fuel mileage.
- Fire & Rescue signed a contract for an Air / Rehabilitation vehicle to be delivered in February 2011. This unit provides refill of self contained breathing apparatus (SCBA) cylinders at emergency scenes and also provides rehabilitation supplies for personnel working at emergency scenes.
- Fire & Rescue completed the purchases of two new Genesis combi-extrication tools in order to enhance extrication capabilities and to balance extrication equipment deployment island-wide.
- Fire & Rescue completed the purchases of 45 sets of Globe G-XCEL turnout gear. This completed the third and final phase of a three year purchasing program designed to replace all firefighter turnout gear. Additionally, 25 new fire helmets were purchased to complete standardization of this item throughout the organization.

Program: Public Safety
Department: Fire and Rescue

2011 Accomplishments (continued)

- Fire & Rescue received Assistance to Firefighters Grant (AFG) funding for the replacement of the aged and unreliable breathing air compressor at Fire Station #4. This system was replaced using these funds.
- Fire & Rescue completed powered stretcher purchase, training, and implementation. This equipment will allow safer patients movement and reduce firefighter injuries caused by heavy lifting of patients.
- Fire & Rescue completed the last of incremental purchases of thermal imaging cameras for all front line and reserve apparatus. By identifying heat signatures, thermal imaging cameras greatly enhance the ability to locate victims when heavy smoke reduces visibility. The camera also enables the firefighters to quickly locate the seat of the fire in limited visibility situations which allows for more rapid fire control and less property damage and enhanced firefighter safety.
- All hazard disaster planning continues to progress. Added to the Comprehensive Emergency Management Program (CEMP) is a significantly revised basic Emergency Operations Plan (EOP), Evacuation and Reentry Appendix, and Hurricane Annex, as well as a Pandemic Flu Annex to the COOP Plan and the policy and procedures documents necessary to support effective implementation of the various plans. The Town's Emergency Operations Center (EOC) has been expanded from 18 work stations to 32 work stations. 6 hand-held GPS units were purchased to support damage assessment capabilities, 4 marine radios were purchased to enhance communications with marine resources and 8 satellite phones have been purchased for enhanced emergency operations. Public alerting capabilities have been improved with the implementation of a new "E-Subscription" public notification system that provides warning and other emergency information to the public. Increased emergency preparedness education efforts among the Spanish-speaking population by publishing a translated version of the *Citizen's Guide* to Emergency Preparedness and participation in an Annual Hurricane Forum for the Latino Community. National Incident Management System (NIMS) training has been expanded for employees required to work during disasters and hurricane screening has been implemented for the Fire and Rescue headquarters and Training Facility buildings.
- Fire & Rescue completely update all EMS protocols in conjunction with our medical control physicians and physicians from the Hilton Head Hospital. This update ensured that our EMS protocols follow the most current state and national pre-hospital patient care standards and guidelines.

Program: Public Safety
Department: Fire and Rescue

2011 Accomplishments (continued)

- Fire & Rescue developed and implemented a ST-Segment Elevation Myocardial Infraction (STEMI) Code Protocol. The STEMI Protocol has dramatically reduced treatment intervals for heart attack patients leading to improved patient outcomes and has improved the working relationship between Fire & Rescue and hospital staff. This program has been so successful that it has been copied as a template by other communities, been identified as a “Best Practice” by the Society of Chest Pain Centers and instrumental in the Town’s Honorable Mention as a “Heart Safe Community by the International Association of Fire Chiefs.
- Fire & Rescue upgraded all 12-lead cardiac monitors with “Wave Form Capnography” per South Carolina Department of Health and Environmental Control (SC DHEC) requirements. Capnography is the measurement of carbon dioxide (CO₂) in exhaled breath. By tracking the carbon dioxide in a patient’s exhaled breath, Capnography enables paramedics to objectively evaluate a patient’s ventilatory status (and indirectly circulatory and metabolic status), as the medics utilize their clinical judgment to assess and treat their patients.
- Fire & Rescue implemented a new “Lifenet” data transfer system with the hospital emergency room. This system allows for patient medical data to be transmitted from field medic units directly to the emergency room physicians. This information dramatically reduced treatment intervals for heart attack patients leading which leads to improved patient outcomes. This system also provides Quality Improvement (QI) capabilities to help responders improve medical service delivery.
- Fire & Rescue began participation in the Cardiac Arrest Registry to Enhance Survival CARES registry program. This is a national data collection program operated by the US Centers for Disease Control and Prevention and Emory University. This program includes measuring the results of bystander CPR, early Automatic External Defibrillator (AED) use, patient care therapies, and how each improves cardiac arrest survival. Hilton Head Island Fire & Rescue is the first SC EMS system to be enrolled in this Registry.
- Fire Station 1 at 70 Cordillo Parkway was demolished as part of a planned fire station replacement program. Construction of the replacement building is scheduled to be completed in October 2011. Fire Station 1 vehicle, equipment and personnel were relocated to Town owned property at 102 Pope Avenue until construction of the new station is completed.
- Fire & Rescue completed the radio “re-banding” project in conjunction with Beaufort County Emergency Management. This project provided 35 new digital mobile radios and 92 digital portable radios for all Fire and Rescue response and staff apparatus. These radios are all programmed with the designated frequencies for inter-operability with all local, county and state agencies. Additionally, all communication systems at the Communications Center were upgraded to digital operation as well.

Program: Public Safety
Department: Fire and Rescue

2011 Accomplishments (continued)

- Electronic gate access improvements were made during this period. The planning, design and engineering work for two new emergency access gates at Port Royal Plantation and Palmetto Hall Plantation has been completed. These gates are expected to go out to bid in February, 2011 with construction to be completed by April, 2011. Emergency access gates for Hilton Head Plantation and Wexford Plantation are in the planning phase with an expected construction completion date of September 2011. Click2Enter emergency gate openers have been installed on 11 additional electronic gates during this period.
- Fire & Rescue Public Safety Systems have been improved with the completion of 4 Computer Aided Dispatch (CAD) map updates this period. These were completed in order to update road, building, addressing and other vital information used to facilitate emergency response dispatching. Additionally, GPS work was completed to identify or update the locations of 468 speed bumps, 15 new fire hydrants, 14 potential drivable beach access points and 195 beach markers. 245 pre-planning maps were created for use by line personnel. 60 new building footprints were added to the Town GIS system along with fire hydrant flow data for all 2794 fire hydrants on the island. 132 new addresses were created and corrections were made to 94 “incorrect” addresses and 100 land-line ANI/ALI database errors.
- Fire & Rescue collected approximately 8,500 lbs of recyclable materials from fire stations and other Fire & Rescue facilities. Fire and Rescue also collected approximately 73,000 lbs. of household hazardous waste and approximately 12,000 lbs. of electronic (E-Waste) during the Hazmat Round-up. Data recorded at the location indicates that 1575 vehicles dropped of materials during this event.
- Fire & Rescue Training Center Operations. From July 1, 2009 – June 30, 2010 there have been 215 exercises conducted at the Training Center. Of these exercises, 18 were “live structural burns” and 16 were “live prop burns”. These exercises generated approximately 4,900 employee-hours of training for Fire & Rescue personnel and approximately 600 employee-hours of training for personnel from other agencies. During this period the Training Center received accreditation from the South Carolina Fire Academy as a regional “live fire” training center.
- The Fire & Rescue Training division planned, conducted, directed, and supervised a five-day structural collapse exercise in conjunction with the demolition of Fire Station 1. This exercise included the annual Operational Readiness Exercise for the Hilton Head Island-Bluffton Urban Search & Rescue Team (SC-RRT-4). Several other regional rescue teams also participated. Approximately 180 firefighters from Hilton Head Island, Bluffton, Burton, Mt. Pleasant, Columbia, and the State Task Force participated.

Program: Public Safety
 Department: Fire and Rescue

2012 Goals, Objectives, and Performance Measures

BUREAU OF FIRE PREVENTION

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.

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: 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 reduction of preventable and/or intentional fires.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Public education presentations <small>(includes Company Pub Ed taught, Company public events, Risk Watch, station tours, and Pub Ed Officer programs taught)</small>	489	500	500
CPR / AED / First Aid students	322	350	350
Total fire safety inspections <small>(includes total number of annual inspections, re-inspections and fire inspections for business licenses)</small>	2,390	2,800	2,900
Business license inspections	584	500	500
Fire safety self inspections	-	600	600
Planning project reviews and inspections <small>(DPR, SUB, C of C)</small>	56	40	45
Construction Plan Reviews	66	130	130
Fire cause/origin investigations	17	34	25
Car seat inspections	167	170	175

Program: Public Safety
 Department: Fire and Rescue

2012 Goals, Objectives, and Performance Measures (continued)

COMMUNICATIONS

Goal: Provide our community with an emergency answering point for reporting emergency and non-emergency events requiring police, fire, EMS or disaster assistance and to dispatch the appropriate response units.

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: To receive process and dispatch requests for services quickly and efficiently in order to protect the lives and property of the community.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Total telephone requests received	52,775	63,150	66,275
7-digit call for service line	1,037	1,100	1,200
911 calls for service line	25,970	30,000	32,000
Dispatch administration	25,738	32,000	33,000
Dispatch other business	30	50	75

EMERGENCY MANAGEMENT

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, resource acquisition, training and public education/outreach.

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: Develop, maintain, update, and expand the plans, procedures and agreements necessary to support the goal of the Emergency Management Division.

Objective: 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

Program: Public Safety
 Department: Fire and Rescue

2012 Goals, Objectives, and Performance Measures (continued)

EMERGENCY MANAGEMENT (CONTINUED)

Objective: Administer a program of frequent and appropriate training in and exercising on emergency response procedures and functions for Town staff members, making sure this is accomplished in a cost effective and minimally disruptive manner and that the National Incident Management System goal of training relevant to position is met.

Objective: 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 2010 Actual	FY 2011 Projected	FY 2012 Budget
Plans & procedures updated / developed	4	6	8
Exercises participated in	16	17	19
Exercises / Training program staff attendees	160	120	140
Disaster Preparedness presentations conducted	32	34	36
Disaster presentations / training public attendees	900	960	990
Citizen's Guide to Emergency Preparedness folders distributed	2,400	2,800	2,800

Program: Public Safety
 Department: Fire and Rescue

2012 Goals, Objectives, and Performance Measures (continued)

LOGISTICS AND MAINTENANCE

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

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: Operate and maintain a Fleet Management system to improve the tracking, repairs and inventory of all Town owned vehicles and equipment.

Objective: Complete fire pump, ladder and hose testing on an annual basis.

Objective: Inspect, maintain and repair all Town owned vehicles and equipment in a timely and cost-effective manner.

Objective: Collect and weigh recyclable material at all Fire & Rescue facilities.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Pounds of recyclable materials collected	8,500	8,500	9,000

OPERATIONS

Goal: Protect the lives and property of the community through timely emergency response.

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: To respond and effectively mitigate 100% of the daily calls for emergency medical, fire and special operation incidents while maintaining an average response time of 5 minutes 90% of the time for the first arriving fire truck or ambulance.

Program: Public Safety
 Department: Fire and Rescue

2012 Goals, Objectives, and Performance Measures (continued)

OPERATIONS (continued)

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Total emergency incidents	5,958	6,050	6,170
Emergency medical service (EMS) responses	4,129	4,200	4,300
EMS patients transported	3,039	3,100	3,160
EMS patients treated but not transported	193	200	220
Fire suppression and other responses	1,817	1,850	1,900
Actual number of fires	126	130	135
Incident response travel times for all calls (percent < or = 5 minutes)	83.18%	90.00%	90.00%
Minimum average daily staffing level	32	32	32

SUPPORT SERVICES

Goal: Maintain accurate and up-to-date Fire and EMS incident records; provide accurate street name and address data for the 911 dispatching system; maintain state of the art CAD and computer technology to ensure timely and accurate emergency response; provide a means for reducing environmental damage due to the uncontrolled release of hazardous materials; maintain safe fire fighter protective clothing and equipment; provided supplies and equipment needed to support routine and emergency operations.

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: Enhance reporting and management capabilities using existing records management systems; enhance emergency response information utilizing Mobile CAD technology, create new addresses as needed and correct existing addresses as required; maintain critical public safety computer systems on 24/7- 365 days a year basis and provide upgrades to systems as required.

Objective: Conduct one Household Hazardous Waste Round-Up annually for the collection of hazardous waste materials from the public.

Objective: provide personnel with protective garments that meet industry standard and continue to maintain and distribute needed equipment and supplies in a cost-effective manner.

Program: Public Safety
 Department: Fire and Rescue

2012 Goals, Objectives, and Performance Measures (continued)

SUPPORT SERVICES (continued)

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
EMS form completed	4,192	4,200	4,300
New Addresses created	132	50	100
Existing addresses corrected	94	110	150
Pounds of hazardous materials collected	73,000	75,000	77,000
Pounds of e-waste collected	12,000	15,000	17,500
FF protective clothing sets purchased	45	50	5
Security card access systems installed	1	1	1

TRAINING

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

Supports: This goal supports the “Guiding Principles” adopted by Town Council to *strive for excellence in everything we plan, build, do and maintain* and also *provide a serene, safe, and healthy living environment for residents, guests and visitors to the Town of Hilton Head Island.*

Objective: Provide the equipment, materials, and services necessary to operate the Training Center efficiently and safely.

Objective: Provide development programs, company drills, and a minimum of 20 hours of in-service training per month for all firefighters while on duty.

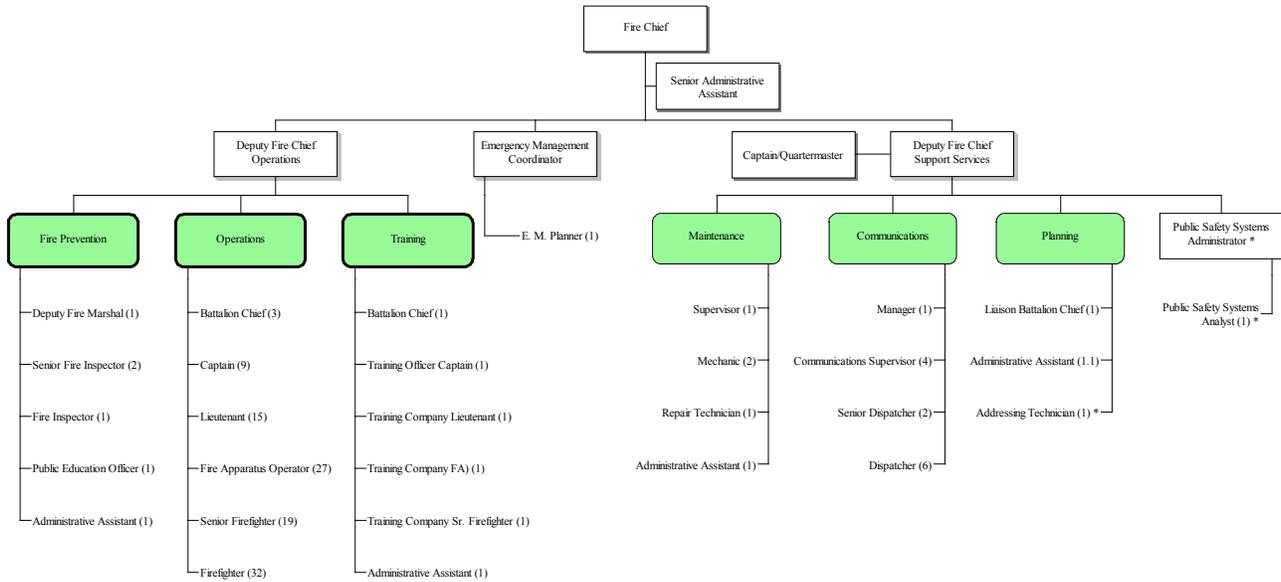
Objective: Provide development programs for supervisors at least twice per year while on duty.

Objective: Provide development programs for driver-operators at least once per quarter;

Objective: Assist all EMT-Basics and Paramedics with National Registry and DHEC-EMS certification and recertification as required for all EMTs and Paramedics

	FY 2010 Actual	FY 2011 Projected	FY 2012 Budget
Total employee hours of in-service and technical training	36,573	36,000	36,000
Total employee hours of management / leadership programs	1,890	1,800	1,800
Training Center total number of exercises	215	220	225
Training Center live burn (structural)	18	19	21
Training Center live burn (props)	16	22	25

Program: Public Safety
 Department: Fire and Rescue



* These positions are partially funded through Beaufort County.

Expenditures by Program/Category

Fire and Rescue	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Program Summary								
Administration	\$ 882,995	\$ 714,426	\$ 491,801	\$ 573,540	\$ 514,880	\$ 582,640	\$ 9,100	1.59%
Support Services	2,951,732	2,757,520	2,862,602	2,817,720	2,662,697	2,755,510	(62,210)	-2.21%
Operations	10,274,473	10,411,948	9,919,555	10,095,910	10,177,052	10,165,130	69,220	0.69%
Total	\$ 14,109,200	\$ 13,883,894	\$ 13,273,958	\$ 13,487,170	\$ 13,354,629	\$ 13,503,280	\$ 16,110	0.12%
Summary By Category								
Personnel	\$ 11,848,711	\$ 12,244,903	\$ 11,995,784	\$ 12,117,950	\$ 12,109,604	\$ 12,121,310	\$ 3,360	0.03%
Operating	2,080,839	1,481,570	1,141,699	1,264,020	1,151,832	1,310,570	46,550	3.68%
Capital Outlay/Debt	179,650	157,421	136,475	105,200	93,193	71,400	(33,800)	-32.13%
Total	\$ 14,109,200	\$ 13,883,894	\$ 13,273,958	\$ 13,487,170	\$ 13,354,629	\$ 13,503,280	\$ 16,110	0.12%
Positions	147.6	147.6	147.1	147.1	147.1	147.1	-	0.00%

Program: Public Safety
Department: Police

Mission

To provide professional, effective and high quality police protection and law enforcement services for the Town of Hilton Head Island.

Core Services

To provide a safe and secure Town environment for the benefit of the citizenry of Hilton Head Island as contracted with Beaufort County and the Sheriff's Office. These services are provided in conjunction and harmony with the Town's fiscal policies of sound, economical management.

Ancillary Services

- Lab Services
- K-9 Support
- Special Response Team (SWAT)
- Crisis Negotiations
- Animal control
- Civil Service
- Warrant Service
- Records Management
- Command

Basic Law Enforcement Services

In addition to a Command Officer who meets and confers with the Town Manager or his designee as needed, for the purpose of maintaining the viability and vitality of the contractual agreement for police services, basic law enforcement services are as follows:

- Sheriff's patrol provided 24 hours a day, seven days a week to patrol Town boundaries.
- Traffic enforcement team to work traffic within Town boundaries.
- Marine/Beach patrol to provide specialized enforcement on the beaches and waterways within Town Boundaries.
- Criminal Investigators to investigate major criminal incidents occurring within Town boundaries.
- Evidence Technicians are primarily used to provide collection, cataloging, custody and preservation of evidence collected at crime scenes within Town boundaries.
- Drug Investigators to enforce narcotics laws within Town boundaries.
- Victim's Advocate to work with victims of crimes occurring within Town boundaries in compliance with state statutes.

Program: Public Safety
 Department: Police

Basic Law Enforcement Services (continued)

Police services are contracted through an agreement with Beaufort County. The basic law enforcement service personnel provided to the Town of Hilton Head Island as per the terms of the contract agreement follow.

- One (1) Command Officer
- One (1) Patrol Unit Supervisor (per unit)
- Four (4) staffed patrol units on duty 24 hours a day, seven days a week
- Four (4) person, two (2) unit traffic enforcement team
- Two (2) person marine/beach patrol team
- One (1) Evidence Technician
- Four (4) Criminal Investigators
- Two (2) Drug Investigators
- Three (3) Clerks
- One (1) Victim’s Advocate

Expenditures by Program/Category

Police	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget	Budget \$ Change	Budget % Change
Summary By Category								
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating	2,991,808	3,109,609	3,024,440	3,145,200	3,067,458	3,138,430	(6,770)	-0.22%
Capital Outlay	-	-	-	-	-	-	-	N/A
Total	\$ 2,991,808	\$ 3,109,609	\$ 3,024,440	\$ 3,145,200	\$ 3,067,458	\$ 3,138,430	\$ (6,770)	-0.22%
Expenditure Detail								
Police Service Contract	\$ 2,658,357	\$ 2,743,138	\$ 2,720,287	\$ 2,752,310	\$ 2,702,888	\$ 2,753,860	\$ 1,550	0.06%
Shore Enterprises	178,030	184,395	124,950	189,060	189,060	196,930	7,870	4.16%
Victims' Services	49,721	57,126	54,253	53,010	53,010	57,640	4,630	8.73%
Stipend	105,700	124,950	124,950	150,820	122,500	130,000	(20,820)	-13.80%
Total	\$ 2,991,808	\$ 3,109,609	\$ 3,024,440	\$ 3,145,200	\$ 3,067,458	\$ 3,138,430	\$ (6,770)	-0.22%
Positions*	-	-	-	-	-	-	-	-

*Positions are part of contractual agreement with the Beaufort County Sheriff's Office.

Townwide

The townwide budget is a compilation of miscellaneous expenditures not directly associated with a specific department. The budget for this “department” is developed jointly by Finance, Administrative Services, and Human Resources.

Non-Departmental (Townwide)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2011	FY 2012	Budget	Budget
	Actual	Actual	Actual	Revised Budget	Estimate	Budget	\$ Change	% Change
Personnel	12,662	25,203	23,946	130,290	153,879	165,720	35,430	26.43%
Operating								
Travel	297	368	403	500	247	500	-	0.00%
Professional Dues	-	-	15,150	17,500	17,500	17,500	-	0.00%
Professional Services	-	-	-	205,923	145,482	65,000	(140,923)	-68.43%
Short Term Temp./Agency	-	-	-	8,000	5,180	10,000	2,000	25.00%
Palmetto Pass - Town Vehicles	-	-	-	4,500	4,991	5,000	500	11.11%
Photocopying	10,674	9,406	9,521	11,000	7,279	11,000	-	0.00%
Courier	20,570	19,835	19,910	20,000	17,975	20,000	-	0.00%
Insurance	273,317	263,303	283,815	306,850	298,000	322,000	15,150	4.94%
Accident Insurance Fund	-	-	(508)	20,000	36,081	20,000	-	0.00%
Telephone	164,709	172,701	243,756	281,000	220,000	220,000	(61,000)	-21.71%
Cell Phones	37,327	34,364	53,240	55,000	57,000	57,000	2,000	3.64%
Electricity	102,403	110,977	241,340	211,370	277,954	280,000	68,630	32.47%
Utilities - water and sewer	39,343	41,545	32,761	13,000	32,313	34,760	21,760	167.38%
Utilities - propane	-	-	15,548	-	15,937	16,420	16,420	N/A
Utilities - SWU fee	-	-	51,902	29,000	62,745	72,160	43,160	148.83%
Postage	34,450	29,606	32,545	35,000	30,002	34,000	(1,000)	-2.86%
Equipment Maintenance	3,912	3,774	3,990	5,000	2,695	2,500	(2,500)	-50.00%
Lease Payments	41,916	129,594	43,348	54,600	54,600	54,600	-	0.00%
Furniture/Fixtures < \$5,000	1,026	594	85	-	-	-	-	N/A
Operating Supplies	65,532	24,839	27,071	27,000	22,042	22,000	(5,000)	-18.52%
Fuel	-	146,094	133,415	140,000	158,416	180,000	40,000	28.57%
General Contingency	15,948	26,800	17,200	50,000	13,749	50,000	-	0.00%
Total Operating	811,424	1,013,800	1,224,492	1,495,243	1,480,188	1,494,440	(803)	-3.75%
Capital Outlay								
Furniture/Fixtures ≥ \$5,000	106,604	-	-	-	-	-	-	0.00%
Total Capital Outlay	106,604	-	-	-	-	-	-	0.00%
Grants								
Recreation Center	612,273	623,328	616,940	616,940	616,940	616,940	-	0.00%
Recreation Center - Capital	66,762	39,973	-	-	-	-	-	N/A
Coastal Discovery Museum	75,000	80,750	75,000	75,000	75,000	75,000	-	0.00%
Public Art - Community Found.	-	-	-	37,500	9,671	37,500	-	0.00%
Coastal Discovery Museum - T W	-	-	32,500	35,600	31,511	29,900	(5,700)	-16.01%
Disaster Advertising Reserve	22,075	200,000	300,000	-	-	-	-	N/A
Advertising	-	-	-	260,000	249,999	551,770	291,770	112.22%
Hospitality Promotion	68,729	154,765	100,500	104,000	94,386	118,060	14,060	13.52%
Heritage Classic	-	-	-	1,000,000	1,000,000	-	(1,000,000)	-100.00%
Beaufort HAZMAT/E911	526	15,000	15,000	-	-	-	-	N/A
DEHC Grant	7,568	-	-	-	-	-	-	N/A
Palmetto Breeze Grant	175,000	166,250	175,000	175,000	175,000	175,000	-	0.00%
USAR - RRT Grant	-	15,518	-	15,500	8,139	-	(15,500)	-100.00%
Drug Court	48,500	50,500	48,500	48,500	48,500	48,500	-	0.00%
Solicitor's Office	-	-	35,000	35,000	35,000	35,000	-	0.00%
FEMA Grant	-	-	8,442	-	-	-	-	N/A
LEPC/BC	11,069	12,094	6,812	15,264	14,593	15,500	236	1.55%
Total Grants	1,087,502	1,358,178	1,413,694	2,418,304	2,358,739	1,703,170	(715,134)	-1.00%
Debt Service								
Interest	-	-	-	71,950	-	71,950	-	0.00%
Principal	-	-	-	267,420	-	267,420	-	0.00%
	-	-	-	339,370	-	339,370	-	0.00%
Total	\$ 2,018,192	\$ 2,397,181	\$ 2,662,132	\$ 4,383,207	\$ 3,992,806	\$ 3,702,700	\$ (680,507)	-1.06%

Debt Service Fund

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest payments.

Revenues and Expenditures Analysis - Historical, Estimated Actual, and Budget

	2008	2009	2010	2011		2012 Budget	% change	
				Revised Budget	Est. Actual		FY 2011 Budget	FY 2011 Est. Actual
Revenues								
Property Taxes	4,602,493	4,734,076	5,529,403	5,540,040	5,507,370	5,544,650	0%	1%
Investments	399,235	206,739	55,566	130,000	6,000	6,000	-95%	0%
Bond Premium	414,398	-	34,061	-	-	-	0%	0%
Issuance of Bonds	-	-	5,005,000	-	-	-	0%	0%
Federal Reimbursement - BABS	-	-	-	207,870	207,870	207,870	0%	0%
Transfers In:								
Hospitality Taxes	720,803	758,236	756,508	760,120	760,120	758,230	0%	0%
Real Estate Transfer Fees	3,560,130	2,331,090	2,721,768	2,722,170	2,722,170	2,408,753	-12%	-12%
Stormwater Fees	1,247,392	1,250,275	-	-	-	-	0%	0%
Beach Preservation Fees	2,851,107	2,676,584	2,812,310	2,793,070	2,793,070	2,788,550	0%	0%
Tax Increment Financing	-	3,964,162	3,987,538	4,011,460	4,011,460	4,040,670	1%	1%
Total Revenues	13,795,558	15,921,162	20,902,154	16,164,730	16,008,060	15,754,723	-3%	-2%
Expenditures								
Administrative	248,738	23,535	17,131	17,490	17,490	20,490	17%	17%
Payment to Escrow Agent	-	-	5,248,484	-	-	-	0%	0%
Debt Issue Costs	-	-	127,144	-	-	-	0%	0%
Principal	8,010,000	11,220,000	11,415,000	12,305,000	12,305,000	11,385,000	-7%	-7%
Interest	5,267,567	5,679,190	4,335,765	4,524,460	4,524,460	4,070,360	-10%	-10%
Total Expenditures	13,526,305	16,922,725	21,143,524	16,846,950	16,846,950	15,475,850	-8%	-8%
Net change in fund balances	269,253	(1,001,563)	(241,370)	(682,220)	(838,890)	278,873		
Fund balance - beginning	10,586,391	10,884,048	9,882,485	6,974,490	6,974,490	6,135,600		
Prior period adjustment	28,404	-	(2,666,625)	-	-	-		
Fund balance - ending	10,884,048	9,882,485	6,974,490	6,292,270	6,135,600	6,414,473		

Note: for FY 2010, FY 2011, and 2012 Stormwater bonds are no longer budgeted in this fund; see the stormwater fund.

Debt Service Fund Expenditures

The Fiscal Year 2012 budgeted debt service expenditures are as follows:

Debt Service Payments

	Interest	Principal	Total
<u>Certificates of Participation</u>			
2004A - Certificates of Participation (\$9,060,000)	\$ 122,155	\$ 1,035,000	\$ 1,157,155
2005 - Certificates of Participation (\$1,055,000)	14,689	120,000	134,689
Total Certificates of Participation	\$ 136,844	\$ 1,155,000	\$ 1,291,844
<u>General Obligation Bonds</u>			
Series 2004A - General Obligation Bonds (\$15,000,000)	586,500	465,000	1,051,500
Series 2004B - General Obligation Refunding Bonds (\$5,365,000)	14,337	925,000	939,337
Series 2005A - General Obligation Refunding Bonds (\$24,265,000)	907,415	1,525,000	2,432,415
Series 2008A - General Obligation Refunding Bonds (\$12,215,000)	454,413	650,000	1,104,413
Series 2009 - General Obligation Refunding Bonds (\$5,005,000)	147,151	-	147,151
Series 2010 - General Obligation Bonds (BABS) (\$12,000,000)	547,750	360,000	907,750
Total General Obligation Bonds	\$ 2,657,566	\$ 3,925,000	\$ 6,582,566
<u>Revenue Bonds</u>			
2004 Hospitality Tax Bonds (\$10,775,000)	404,732	350,000	754,732
2006 Beach Preservation Fee Bonds (\$19,000,000)	380,554	2,405,000	2,785,554
2004 TIF Bonds (\$8,000,000)	149,730	850,000	999,730
2008 TIF Bonds (\$22,000,000)	340,935	2,700,000	3,040,935
Total Revenue Bonds	\$ 1,275,951	\$ 6,305,000	\$ 7,580,951
Grand Total	\$ 4,070,361	\$ 11,385,000	\$ 15,455,361

Calculation of the Legal Debt Limit

Assessed Value as of December 2010 (estimated 2011 assessed value)		\$ 923,053,000
Debt Limit - Eight Percent (8%) of Assessed Value, without voter's approval		73,844,240
Council Imposed 80% Cap		59,075,392
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds 2004B (Refunding of Series 1998B)	925,000	
General Obligation Bonds 2010 (BABS)	5,005,000	
Total Amount Applicable to Debt Limit		5,930,000
Legal Debt Margin without a Referendum		\$ 53,145,392

Article Ten (X), 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.

Outstanding Debt Issues

	Issue Amt.	Outstanding
<u>Certificates of Participation</u>		
2004A - Certificates of Participation	\$ 9,060,000	\$ 3,230,000
2005 - Certificates of Participation	1,055,000	370,000
Total Certificates of Participation	\$ 10,115,000	\$ 3,600,000
<u>General Obligation Bonds</u>		
Series 2004A - General Obligation Bonds	15,000,000	12,155,000
Series 2004B - General Obligation Bonds (Refunded portion of Series 1998B)	5,365,000	925,000
Series 2005A - General Obligation Bonds (Refunded portion of Series 1999A & 2001A)	24,265,000	21,460,000
Series 2008A - General Obligation Bonds (Refunded portion of Series 1998A)	12,215,000	10,795,000
Series 2009 - General Obligation Refunding Bonds	5,005,000	5,005,000
Series 2010 - General Obligation Bonds (BABS)	12,000,000	11,670,000
Total General Obligation Bonds	\$ 73,850,000	\$ 62,010,000
<u>Revenue Bonds</u>		
2004 Hospitality Tax Bonds	10,775,000	8,625,000
2006 Beach Preservation Fees Bonds	19,000,000	10,200,000
2004 TIF Bonds	8,000,000	3,645,000
2008 TIF Bonds	22,000,000	11,460,000
Total Revenue Bonds	\$ 59,775,000	\$ 33,930,000
Grand Total	\$ 143,740,000	\$ 99,540,000

1. **2004A Certificates of Participation; \$9,060,000 (Tax-Exempt), Dated March 1, 2004**

On March 1, 2004, the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into Certificates of Participation with Wells Fargo Bank, N.A. for \$9,060,000 secured by Town properties.

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated tax exempt amount of certificates; (b) maximum annual debt service on certificate for any fiscal year; or (c) 125% of average annual debt on the certificates. At June 30, 2010 \$925,347 was the fair value of the amount held in the reserve fund for the tax-exempt certificates. Ad Valorem tax revenues of the Debt Service Fund are used to repay these certificates of participation.

Outstanding Debt Issues (continued)

2. **2005 Certificates of Participation; \$1,055,000 (Tax-Exempt), Dated March 3, 2005**

On March 3, 2005, the Hilton Head Island Public Facilities Corporation refunded taxable Certificates of Participation issued with Wells Fargo Bank, N.A. in 2004 with tax-exempt certificates.

During that time, the Town issued \$1,055,000 in tax-exempt Certificates of Participation bearing an interest rate of 3.97% to refund \$1,450,000 of taxable Certificates of Participation with a variable interest rate. The Town contributed approximately \$450,000 from the Town's Debt Service thereby reducing the principal by \$400,000 on this issue and the balance being used to fund the cost of issuance. The net proceeds of \$1,002,362 (after payment of \$52,638 in issuance costs) were used to purchase United States government securities. The certificates were refunded to reduce total debt service payments over the next nine (9) years by \$519,451 and resulted in an economic loss (difference between the present values of the old and new debt service payments) of approximately \$17,760.

3. **Series 2004A General Obligation Referendum Bonds; \$15,000,000, Dated May 1, 2004**

On May 12, 2004, the Town issued \$15,000,000 general obligation bonds for general land acquisition.

4. **Series 2004B General Obligation Bonds; \$5,365,000, Dated October 1, 2004**

On October 26, 2004, the Town issued \$5,365,000 in general obligation bonds. The bonds were issued for the purpose of refunding the 2007 through 2011, inclusive, maturities of the \$6,000,000 General Obligation Bonds, Series 1998B, and to call the 1998B Bonds for redemption on December 1, 2006; and to pay for the cost of issuance.

5. **Series 2005A General Obligation Bonds; \$24,265,000, Dated March 1, 2005**

On March 15, 2005, the Town issued \$24,265,000 in general obligation bonds. The bonds are being used for the purpose of refunding the 2010 through 2024, inclusive, maturities of the \$12,000,000 General Obligation Bonds, Series 1999A, and to call the 1999A Refunded Bonds for redemption on December 1, 2009; refunding the 2010 through 2021, inclusive, maturities of the \$20,000,000 General Obligation Bonds, Series 2001A, and to call the 2001A Refunded Bonds for redemption on March 1, 2009; and to pay for the cost of issuance.

6. **Series 2008A General Obligation Bonds; \$12,215,000, Dated March 20, 2008**

On March 20, 2008, the Town issues \$12,215,000 obligation bonds to refund the remaining Series 1998A General Obligation Bonds dated April 1, 1998 and to pay for the cost of issuance.

Outstanding Debt Issues (continued)

7. **Series 2009 General Obligation Bonds; \$5,005,000, Dated September 9, 2009**

On September 9, 2009, the Town issued \$5,005,000 in general obligation refunding bonds to refund the General Obligation Bonds dated November 1, 1999. The anticipated amount of economic savings by refunding the bonds is \$845,592.

8. **Hospitality Tax Revenue Bonds; \$10,775,000, Dated June 1, 2004**

On June 1, 2004, the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into a Certificate of Participation with Wells Fargo Bank, N.A. for \$10,775,000 secured by revenues collected from Hospitality Tax. The monies will be used for public safety capital improvement projects.

The Town is required to maintain a reserve which shall be the lesser of (a) 10% of stated amount of certificates; (b) maximum annual debt service on certificate for any fiscal year or (c) 125% of average annual debt on the certificates. At June 30, 2010, \$812,183 was the fair value of the amount held in the reserve fund.

9. **Beach Preservation Fees Bonds; \$19,000,000, Dated August 1, 2006**

On August 1, 2006 the Hilton Head Island Public Facilities Corporation, a non-profit entity and component unit of the Town, entered into a Certificate of Participation with Wells Fargo Bank, N.A. for \$19,000,000 secured by revenues collected from Beach Preservation Fees Tax. The monies will be used to undertake the re-nourishment of the beaches adjacent to certain areas within the Town; and such capital improvement projects that may be authorized by Town Council.

The Town is required to maintain a reserve for the beach preservation bonds. The original required deposit was 10% of the stated amount of the certificates or \$1,900,000. The Town has allowed the investment income to remain in the reserve. At June 30, 2010, \$1,900,080 was the fair value amount held in the reserve fund.

10. **Tax Increment Financing Bonds; \$8,000,000, Dated June 25, 2004**

On June 25, 2004, the Town issued \$8,000,000 tax increment bonds for paying principal and interest on the tax increment bond anticipation note of \$4,530,000 which matured June 25, 2004, and for financing redevelopment projects.

Outstanding Debt Issues (continued)

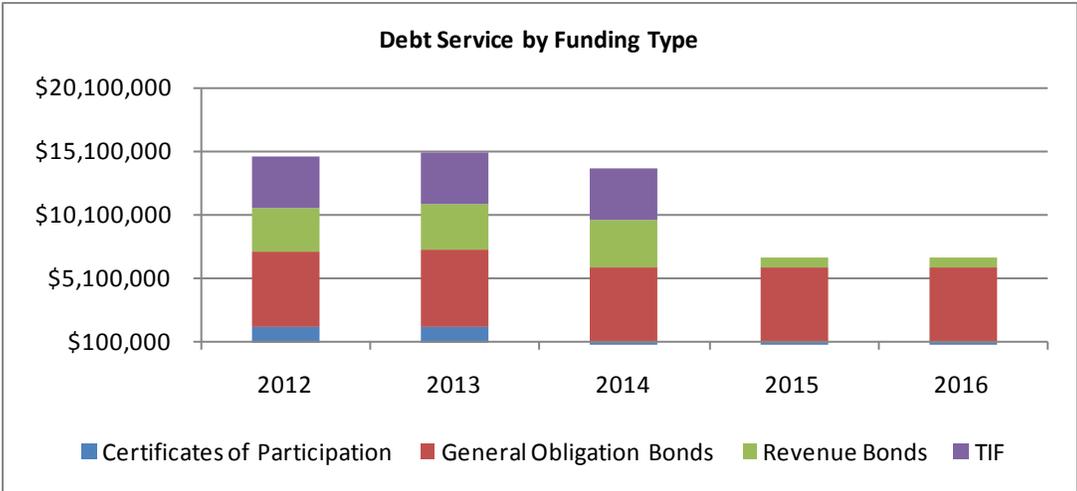
11. Tax Increment Financing Bonds; \$22,000,000, Dated April 17, 2008

On April 17, 2008 the Town issued \$22,000,000 tax increment bonds to fund capital redevelopment projects related to the Tax Increment Financing District.

The Town is required to maintain an additional security fund of \$1,000,000 to pay debt service in the event TIF Fund revenues are not sufficient. The Town is required to maintain the additional security fund until TIF tax revenues collected in each of two successive fiscal years are not less than 110% of the combined maximum annual debt service on the 2004 and 2008 TIF Bonds. At June 30, 2010 \$1,010,702 was the fair value of the amount held in the additional security fund.

Planned Debt Service for the Next Five Years

	2013	2014	2015	2016	2017
<u>Certificates of Participation</u>					
2004A - Certificates of Participation	\$ 1,156,105	\$ 1,167,855	\$ -	\$ -	\$ -
2005 - Certificates of Participation	129,925	135,161	-	-	-
Total Certificates of Participation	\$ 1,286,030	\$ 1,303,016	\$ -	\$ -	\$ -
<u>General Obligation Bonds</u>					
Series 2004A - General Obligation Bonds	\$ 1,040,925	\$ 1,035,725	\$ 1,029,475	\$ 1,022,175	\$ 1,015,175
Series 2005A - General Obligation Bonds	2,432,196	2,431,634	2,431,590	2,427,765	2,426,265
Series 2008A - General Obligation Bonds	1,104,600	1,104,662	1,097,137	1,092,837	1,088,562
Series 2009 - General Obligation Bonds	280,734	490,466	492,296	483,476	488,820
Series 2010 - General Obligation Bonds	981,810	976,250	967,677	963,053	955,343
Total General Obligation Bonds	\$ 5,840,265	\$ 6,038,737	\$ 6,018,175	\$ 5,989,306	\$ 5,974,165
<u>Revenue Bonds</u>					
2004 Hospitality Tax Bonds	755,733	756,133	755,553	753,765	755,930
2006 Beach Preservation Fee Bonds	2,786,216	2,781,330	2,767,500	-	-
2004 TIF Bonds	999,275	996,960	997,669	-	-
2008 TIF Bonds	3,065,610	3,097,161	3,125,291	-	-
Total Revenue Bonds	\$ 7,606,834	\$ 7,631,584	\$ 7,646,013	\$ 753,765	\$ 755,930
Grand Total	\$ 14,733,129	\$ 14,973,337	\$ 13,664,188	\$ 6,743,071	\$ 6,730,095



Capital Projects Fund

Capital Projects Fund (CIP)

Capital improvements are broken into two segments; one segment is integrated into the General Fund operating budget and the other segment is the Capital Projects Fund, Capital Improvements Program (CIP) budget. Located in the General Fund and to be funded with current operating funds are capital equipment purchases costing \$5,000 or more and software purchases which cost more than \$50,000. All other items meeting the same criteria, but not being funded by General Fund operating funds (including vehicles), are included in the Capital Projects Fund.

In accordance with State law, the proposed CIP for FY 2012 was developed by staff for review and recommendation of the full Planning Commission. The pathways and parks section was also reviewed by the Parks & Recreation Commission. The Planning Commission annually recommends the proposed CIP to Town Council for adoption during their CIP Budget Workshop in May.

Included in this section is the Town's capital expenditure plan with funding sources for the upcoming year. In addition, a ten-year capital plan is included that identifies anticipated capital expenditures with funding sources to be determined. The CIP is based on a variety of sources. Sources are Town Council's Policy and Management Agendas 2011 which included input from the public and the Town's Boards, Commissions and Committees. Other source documents include: The 2004 Comprehensive Plan update which incorporates the Initiative Area Plans; the Transportation Plan which includes pathways as well as roads; the Town-Wide Drainage Plan; the Fire & 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 a recently initiated Space Needs Study of all Town facilities and properties to include Town Hall, all parks, Fire and Rescue stations and town-wide infrastructure.

Revenues

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 may incorporate as many as 22 different funding sources; a brief description of some of those sources is provided below.

1. ***Impact Fees*** are assessed against new developments to finance capital improvements necessary to support the growth in population.
 - a. **Traffic Impact Fees** that 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** that were enacted Countywide to provide funding for emerging park needs.

Revenues (continued)

2. **Fund Balance** which is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
3. **New Fiscal Year Taxes** are ad valorem property taxes collected during the next fiscal year. The amount dedicated to the CIP is .75 mils and will generate approximately \$692,850.
4. **Sunday Liquor Sales Permit Fee** that are derived from the sale of permits to sell alcohol on Sunday. These fees are rebates from the State and are expected to generate approximately \$350,000.
5. **Beach Preservation Fee** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source will generate approximately \$4.6 million in revenue for the Town next fiscal year. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities. Some of which is used to pay debt service on bonds associated with beach renourishment projects.
6. **Hospitality Tax** which is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses for on-premise consumption of alcoholic beverages, beer or wine. This source will generate approximately \$5.0 million in revenue next fiscal year. Some of which is used to pay debt service on bonds for public safety projects.
7. **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 will generate approximately \$6.5 million in revenue next fiscal year.
8. **Palmetto Electric Franchise Fee** in which funds derive from the Town's negotiated franchise fee with Palmetto Electric Coop. These funds are committed to power line burials and hook ups which are estimated to cost approximately \$30 million over 15 years. The fee generates approximately \$2.6 million annually. **Projects associated with this funding source are expended from a different fund and therefore are not reflected as part of the Town's CIP program.**
9. **Real Estate Transfer Fee** which is .25 of 1% on each real estate transaction in the Town. This source will generate approximately \$1.6 million in revenue next fiscal year. These funds are dedicated to the Land Acquisition Program and its debt service.
10. **Lease Fund** is derived from lease payments on Town-owned property. As the Town has acquired properties, some have existing leases that the Town chooses to honor until their expiration. Approximately \$12,000 derived from those leases has been assigned to pay for maintenance and clean up of Town property.

Revenues (continued)

Implementation of the Fiscal Year 2012 CIP will require about \$10.8 million during the fiscal year. The chart below reflects a comparison of the major budgeted revenue sources for FY 2011 and FY 2012:

Revenue Source	FY 2011	FY 2012	\$	%
	Revised Budget			
Property Taxes	\$ 692,270	\$ 692,850	\$ 580	0.08%
Sunday Permit Fees	609,343	387,500	(221,843)	-36.41%
Beach Preservation Fees	13,624,642	476,000	(13,148,642)	-96.51%
TIF	6,888,922	3,498,000	(3,390,922)	-49.22%
Hospitality Tax	6,214,946	1,411,000	(4,803,946)	-77.30%
Bond Proceeds	3,463,670	4,400,000	936,330	27.03%

Expenditures

In the **Pathways** category, there are 16 projects programmed during the next ten years (1 on-going maintenance project). Of those 16 projects, 6 are funded for approximately \$680,000 in FY 2012. Funded projects may involve land acquisition, legal work, design, concept and survey, and/or construction.

In the category of **Roadway Improvements**, there are 15 projects programmed during the next ten years; 10 of them are funded for approximately \$2.4 million in FY 2012.

In the category of **Park Development**, 9 projects (1 on-going maintenance project) are programmed during the next ten years, 5 projects are funded for approximately \$608,000 in FY 2012.

In the **Existing Facilities/Infrastructure** category, there are 7 projects (3 on-going maintenance/equipment purchase projects) programmed during the next ten years, 5 projects are funded for approximately \$4.1 million in FY 2012.

In the **New Facilities/Infrastructure** category, there are 10 projects (2 on-going maintenance projects) programmed during the next ten years, 8 projects are funded for approximately \$2.8 million in FY 2012.

In the **Beach Maintenance** category, there are 4 projects (3 on-going maintenance projects) programmed during the next ten years. Of this, 3 projects including the ongoing beach management and monitoring program are funded for approximately \$445,000 in FY 2012.

Expenditures (continued)

In the category of **Land Acquisition**, using Council’s guidance, staff will continue to research and recommend pertinent acquisitions at no extra cost to the taxpayers.

The operating impact of these capital projects are calculated utilizing the following assumptions:

Pathway maintenance per mile	\$ 6,500/year
Park litter and landscape (passive/beach)	\$25,000/year
Park janitorial (restrooms and supplies)	\$12,500/year
Roadways	deeded to the County

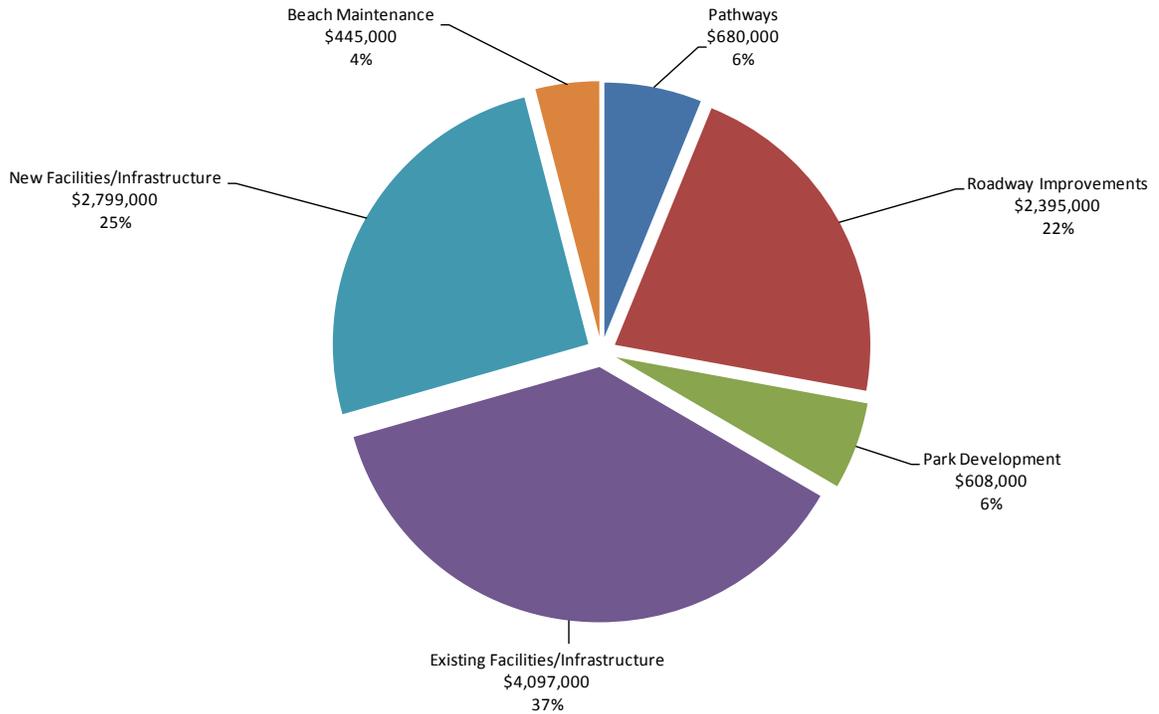
In FY 2012 the major impact items of the Town’s capital assets on the operating budget (General Fund) are as follows:

The FY 2012 General Fund operating budget associated with the upkeep of the Town’s facilities and parks essentially maintains the FY 2011 level of funding. The flat level of funding will have a minimal impact on the overall upkeep of Town property. This will merely delay some maintenance and improvements.

Fiscal Year 2012 Capital Improvements Program (CIP)

The Capital Projects Fund (CIP) budget for Fiscal Year 2012 totals \$11.0 million and consists of the following category funding levels:

Capital Projects Fund (CIP) Expenditures by Category



Revenues and Expenditures by Category Analysis - Historical, Estimated Actual, and Budget

	2008	2009	2010	2011		2012 Budget	% change	
				Revised Budget	Est. Actual		FY 2011 Budget	FY 2011 Est. Actual
Revenues								
Property Taxes	691,104	709,774	695,844	692,270	688,190	692,850	0%	1%
Investments	830,769	213,183	34,027	-	-	-	0%	0%
Grants	61,843	52,525	75,956	-	-	-	0%	0%
Contributions	8,000	8,500	7,500	100,000	-	-	0%	0%
Sunday Permit Fees	206,900	254,500	314,950	609,343	226,026	387,500	-36%	71%
Capital Sales Tax	886,120	703,258	331,639	15,000	5,000	-	0%	0%
Hospitality Tax	5,232,837	4,826,318	4,708,807	-	-	-	0%	0%
Impact Fees - Roads	90,799	43,071	55,643	149,535	15,072	139,000	-7%	822%
Impact Fees - Parks	33,445	15,675	19,437	-	-	50,000	0%	0%
County	-	300,000	-	134,601	-	-	0%	0%
Stormwater Fees	1,501,389	1,572,183	-	-	-	-	0%	0%
Sale of Property/Equip.	1,060,469	8,582	1,888,488	-	-	-	0%	0%
Premium on Bond Issuance	-	-	121,571	-	-	-	0%	0%
Hospitality Tax Bonds (new issue)	-	-	-	-	-	3,200,000	0%	0%
Bond Proceeds	22,000,000	-	12,000,000	3,463,670	3,463,670	1,200,000	0%	0%
Transfers In:								
ATAX State	30,600	-	-	-	-	-	0%	0%
Real Estate Transfer Fees	65,896	3,098,194	7,757	32,493	32,493	-	0%	0%
Beach Preservation Fees	908,642	2,942,158	1,541,701	13,624,642	440,721	476,000	-97%	8%
Tax Increment Financing	95,548	119,314	-	6,888,922	2,988,360	3,498,000	-49%	17%
Hospitality Tax	-	-	-	6,214,946	1,378,387	1,411,000	-77%	0%
Stormwater Fees	-	-	-	-	-	-	0%	0%
Miscellaneous	26,567	83,881	2,973	-	-	-	0%	0%
Lease	78,473	85,839	45,645	12,000	12,000	12,000	0%	0%
Total Revenues	33,809,401	15,036,955	21,851,938	31,937,422	9,249,919	11,066,350	-65%	20%
Expenditures								
Pathway Improvements	2,611,428	985,889	934,823	1,188,954	679,570	680,000	-43%	0%
Drainage Improvements	857,617	822,502	(192,411)	-	-	-	0%	0%
Roadway Improvements	10,553,294	4,797,316	916,560	6,055,238	1,318,333	2,395,000	-60%	82%
Park Development	1,847,015	1,447,812	724,232	1,192,376	305,544	608,000	-49%	99%
Existing Facilities	1,647,571	5,376,667	4,959,040	5,546,975	2,941,438	4,097,000	-26%	39%
New Facilities	428,789	4,344,044	923,844	1,919,568	776,827	2,799,000	46%	260%
Land Acquisition	4,925,773	8,452,181	1,152,741	2,776,350	2,776,350	-	0%	0%
Beach Maintenance	888,643	934,747	1,331,073	13,578,642	403,030	445,000	-97%	10%
Transfers Out	3,972,401	4,527,205	3,537,280	37,500	37,500	37,500	0%	0%
Debt Service/Issue Costs/Misc.	222,500	115,084	264,273	-	-	-	0%	0%
Total Expenditures	27,955,031	31,803,447	14,551,455	32,295,603	9,238,592	11,061,500	-66%	20%
Net change in fund balances	5,854,370	(16,766,492)	7,300,483	(358,181)	11,327	4,850		
Fund balance - beginning	24,274,938	30,133,566	13,367,074	20,532,570	20,532,570	20,543,897		
Prior period adjustment	4,258	-	(134,987)	-	-	-		
Fund balance - ending	30,133,566	13,367,074	20,532,570	20,174,389	20,543,897	20,548,747		

Note: for FY 2010, FY 2011, and 2012 Stormwater projects are no longer budgeted in this fund; see the stormwater fund.

Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

THOUSANDS OF DOLLARS												
Category	Roll Forward Balance	FY 2012 Budget	Impact Fees	FY 2012			TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
				Taxes	Beach Fee							
Summary												
RE-OCCURRING PROJECTS												
Pathways		180		55				125				
Roadway Improvements	839	705		65				640				
Park Development	273	388		38					350			
Existing Facilities	491	897		530				355				12
New Facilities	524	1,679			31	333		115				1,200
Beach Maintenance	594	445			445							
SUBTOTAL	2,721	4,294	-	688	476	333		1,235	350	-	-	1,212
CARRY-OVER PROJECTS												
Pathways	510	300				300						
Roadway Improvements	3,904	1,690	40			1,650						
Park Development	617	20				20						
Existing Facilities	2,123	3,200										3,200
New Facilities	622	1,120				1,045		75				
Beach Maintenance	12,584	-										
SUBTOTAL	20,360	6,330	40	-	-	3,015		75	-	-	-	3,200
NEW PROJECTS												
Pathways		200	99					101				
Roadway Improvements		-										
Park Development		200	50			150						
Existing Facilities		-										
New Facilities		-										
Beach Maintenance		-										
SUBTOTAL		400	149	-	-	150		101	-	-	-	-
TOTAL	23,081	11,024	189	688	476	3,498		1,411	350	-	-	4,412

Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

THOUSANDS OF DOLLARS												
Category	Roll Forward Balance	FY 2012 Budget	Impact Fees	FY 2012 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
Pathways												
RE-OCcurring PROJECTS												
pathway rehabilitation		180		55				125				
SUBTOTAL		180	-	55	-	-	-	125	-	-	-	-
CARRY-OVER PROJECTS												
Palmetto Bay Road	8	-										
Mathews Drive (US 278 to Beach City Road)	60	-										
Dunnagan's Alley	371	-										
US 278 (Gardner Drive to Mathews Drive)	71	300					300					
SUBTOTAL	510	300	-	-	-	-	300	-	-	-	-	-
NEW PROJECTS												
US 278 (Wexford Circle to Fresh Market Shoppes)		40	20					20				
Leg O' Mutton Road		55	27					28				
Pembroke Drive		55	27					28				
Gardner Drive		50	25					25				
SUBTOTAL		200	99	-	-	-	-	101	-	-	-	-
TOTAL	510	680	99	55	-	-	300	226	-	-	-	-

Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

Category	Roll Forward	FY 2012 Budget	<u>THOUSANDS OF DOLLARS</u>									
	Balance		Impact Fees	FY 2012 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
Roadway Improvements												
RE-OCCURRING PROJECTS												
pedestrian/crosswalk refuges	90	220		40					180			
traffic signal mast arms	92	250							250			
roadway safety improvements	100	-										
intersection improvements	155	-										
F & R emergency access points	279	110							110			
private dirt road acquisitions	46	25		25								
directional/neighborhood signage	77	100							100			
SUBTOTAL	839	705	-	65	-	-	-	-	640	-	-	-
CARRY-OVER PROJECTS												
Horseshoe Road connector	17	-										
mainland transportation impr.	1,898	-										
US 278/Squire Pope Rd. intersection improvements	10	-										
Summit Drive realignment	22	-										
Dunnagan's Alley roundabout	790	-										
Honey Horn entrance	190	-										
US 278/Gateway improvements	185	-										
Mathews Drive/Marshland Road roundabout	320	1,150						1,150				
Mathews Drive/Chaplin Area connectivity	105	500						500				
Leamington/Fresh Market Shoppes/US 278	230	-										
intersection/crosswalk lighting	42	TBD										
Stoney secondary road south	95	40	40									
SUBTOTAL	3,904	1,690	40	-	-	-	-	1,650	-	-	-	-
NEW PROJECTS												
		-										
SUBTOTAL		-	-	-	-	-	-	-	-	-	-	-
TOTAL	4,743	2,395	40	65	-	-	-	1,650	640	-	-	-

Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

Category	Roll Forward Balance	FY 2012 Budget	<u>THOUSANDS OF DOLLARS</u>									
			Impact Fees	FY 2012 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
Park Development												
RE-OCCURRING												
park upgrades	273	388		38							350	
SUBTOTAL	273	388	-	38	-	-	-	-	-	-	350	-
CARRY-OVER PROJECTS												
Rock's/Remy's Tract	10	20					20					
Compass Rose Park	77	-										
Island Recreation Center	341	-										
Bristol Skate Park	389	-										
SUBTOTAL	817	20	-	-	-	-	20	-	-	-	-	-
NEW PROJECTS												
Rowing and Sailing Center		150					150					
Yacht Cove Community Park		50	50									
SUBTOTAL		200	50	-	-	-	150	-	-	-	-	-
TOTAL	1,090	608	50	38	-	-	170	-	-	350	-	-

Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

Category	Roll Forward Balance	FY 2012 Budget	<u>THOUSANDS OF DOLLARS</u>									
			Impact Fees	FY 2012 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
Existing Facilities & Infrastructure												
RE-OCCURRING PROJECTS												
rehabilitation and renovation of fixed capital assets	157	251		251								
clean up, maintenance of properties & demolition of structures	9	291		279								12
apparatus and vehicle replacement	325	355						355				
SUBTOTAL	491	897	-	530	-	-	-	355	-	-	-	12
CARRY-OVER PROJECTS												
Fire Station 6 replacement	276	3,200										3,200
Fire Station 2 replacement	275	-										
Fire Station 1	1,312	-										
Facilities surveillance cameras	46	-										
Town Hall renovation	214	-										
SUBTOTAL	2,123	3,200	-	-	-	-	-	-	-	-	-	3,200
NEW PROJECTS												
		-										
SUBTOTAL		-	-	-	-	-	-	-	-	-	-	-
TOTAL	2,614	4,097	-	530	-	-	-	355	-	-	-	3,212

Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

Category	Roll Forward Balance	FY 2012 Budget	THOUSANDS OF DOLLARS									
			Impact Fees	FY 2012 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
New Facilities & Infrastructure												
RE-OCCURRING PROJECTS												
Sewer service projects	520	1,564			31		333					1,200
Dispatch Center equipment upgrade	1	5						5				
Fire/medical systems and equipment replacement		40						40				
Public safety systems equipment upgrade	3	50						50				
Mobile computing AVL upgrade		20						20				
SUBTOTAL	524	1,679	-	-	31	-	333	115	-	-	-	1,200
CARRY-OVER PROJECTS												
Fire and Rescue computer systems CAD upgrade	2	75						75				
Coligny/Pope Avenue area improvements	301	495					495					
Dunnagan's Alley/Arrow Road initiative	229	550					550					
Town Hall site infrastructure	90	-										
SUBTOTAL	622	1,120	-	-	-	-	1,045	75	-	-	-	-
NEW PROJECTS												
		-										
SUBTOTAL		-	-	-	-	-	-	-	-	-	-	-
TOTAL	1,146	2,799	-	-	31	-	1,378	190	-	-	-	1,200

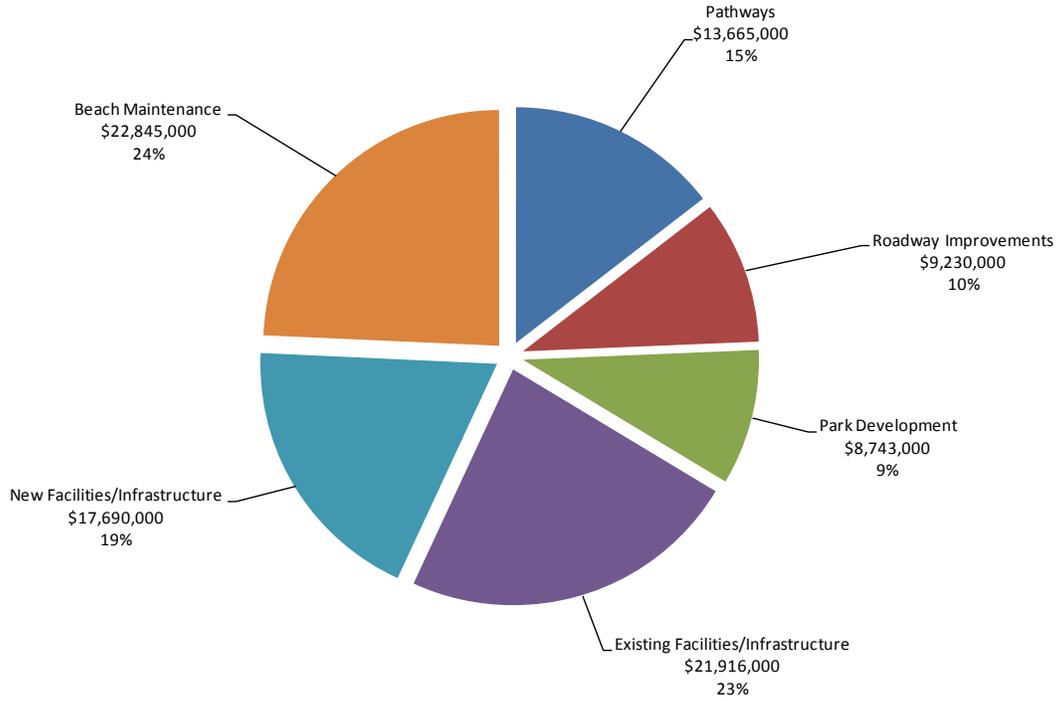
Capital Projects Fund (CIP) Expenditures by Funding Source - 2012

Category	Roll	FY 2012 Budget	THOUSANDS OF DOLLARS									
	Forward Balance		Impact Fees	FY 2012 Taxes	Beach Fee	SWU Fee	TIF	Hospitality Tax	Sunday Liquor Fees	SCDOT	County Bond	Grants / Other
Beach Maintenance												
RE-OCCURRING PROJECTS												
Beach management and monitoring	594	345			345							
Beach parks/access rehabilitation		75			75							
Dunes refurbishment and maintenance		25			25							
SUBTOTAL	594	445	-	-	445	-	-	-	-	-	-	-
CARRY-OVER PROJECTS												
Shoreline	137	-										
Port Royal fill project	12,447	-										
SUBTOTAL	12,584	-	-	-	-	-	-	-	-	-	-	-
NEW PROJECTS												
SUBTOTAL		-	-	-	-	-	-	-	-	-	-	-
TOTAL	13,178	445	-	-	445	-	-	-	-	-	-	-

Ten-Year Capital Improvements Program (CIP)

The anticipated capital expenditures over the next ten years are anticipated to be \$94.1 million. The estimated expenditures by program are as follows:

Ten-Year Capital Improvements Program Expenditures by Program



CIP Expenditures by Category 2012-2021

THOUSANDS OF DOLLARS

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
<u>Total Capital Improvement Program</u>						
Pathways	680	1,405	1,045	880	3,435	6,220
Roadway Improvements	2,395	3,035	1,650	2,050	50	50
Park Development	608	1,225	1,700	4,010	200	1,000
Existing Facilities & Infrastructure	4,097	3,706	824	1,786	871	10,632
New Facilities & Infrastructure	2,799	1,016	5,750	730	223	7,172
Beach Maintenance	445	600	600	600	17,600	3,000
Total	94,089	11,024	10,987	11,569	10,056	22,379
						28,074

CIP Expenditures by Category 2012-2021

Category	<u>THOUSANDS OF DOLLARS</u>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
Pathways						
pathway rehabilitation	180	185	195	200	210	1,050
US 278 (Gardner Drive to Mathews Drive)	300					
US 278 (Wexford Circle to Fresh Market Shoppes)	40	660				
Leg O'Mutton	55	560				
Pembroke Drive	55		480			
Gardner Drive	50		330			
US 278 (Stoney area)			40	300		
Jonesville Road				100	760	
US 278 (Fresh Market Shoppes to Shelter Cove)				160	1,320	
US 278 (Gardner Drive to Jarvis Park)				120	930	
US 278 (Gum Tree Road to Squire Pope Rd.)					65	550
Singleton Beach Road					40	300
US 278 (Squire Pope Rd. to Welcome Center)					110	600
US 278 (Jenkins Island to the bridge)						490
US 278 (Shelter Cove/Chaplin to Mathews north)						1,320
Leamington/Fresh Market Shoppes						1,910
Total	680	1,405	1,045	880	3,435	6,220

CIP Expenditures by Category 2012-2021

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
Roadway Improvements						
Mathews Dr./Marshland Rd. roundabout	1,150					
Mathews Dr./Chaplin area connectivity	500					
US 278 gateway improvements at Windmill Harbor		300	400	2,000		
Leamington/Fresh Market Shoppes		1,125				
pedestrian crosswalks and refuges	220					
traffic signal mast arms	250	225	300			
F&R emergency access points	110	110	100			50
private(dirt) rd. acquisition	25	TBD	TBD	TBD	TBD	TBD
directional/neighborhood signage	100	100	50	50	50	TBD
intersection/crosswalk lighting	TBD	TBD	TBD	TBD	TBD	TBD
Stoney Secondary Road (south)	40	600				
roadway safety improvements		100				
Summit Drive realignment and refurbishment		400				
Lemoyne Avenue reconstruction		75	800			
Total	2,395	3,035	1,650	2,050	50	50

CIP Expenditures by Category 2012-2021

Category	<u>THOUSANDS OF DOLLARS</u>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
<u>Park Development</u>						
Park Upgrades	388	200	200	200	200	1,000
Rock's/Remy's Tract	20					
Rowing and Sailing Center	150		1,500			
Yacht Cove Community Park	50			1,000		
Collier Beach Park		400				
Chaplin Linear Park Boardwalk		400		2,310		
Ford Shell Ring Park		25		500		
Total	608	1,025	1,700	4,010	200	1,000

Category	<u>THOUSANDS OF DOLLARS</u>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
<u>Existing Facilities</u>						
rehabilitaion and renovation of fixed capital assets	251	251	251	251	251	1,255
clean up, maintenance of properties & demolition of structures	291	291	291	291	291	1,455
apparatus and vehicle replacement	355	414	282	1,244	329	7,922
Fire Station 6 replacement	3,200					
Fire Station 2 replacement		2,500				
Facilities surveillance cameras		100				
Town Hall renovations		150				
Total	4,097	3,706	824	1,786	871	10,632

CIP Expenditures by Category 2012-2021

Category	<u>THOUSANDS OF DOLLARS</u>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
<u>New Facilities</u>						
sewer projects	1,564	66	35	100	100	
dispatch center equipment upgrade	5	5	20	5	5	77
Fire/medical systems and equipment replacement	40	70	405	360		1,030
Public safety systems equipment upgrade	50	135	135	50	90	380
Mobile computing AVL upgrade	20	90				120
Fire and Rescue computer systems CAD upgrade	75		25		28	65
Coligny/Pope Avenue area initiative	495	650	5,130			
Dunnagan's Alley/Arrow Rd. area initiative	550					
Public Safety WAN/PN				215		
law enforcement center						5,500
Total	2,799	1,016	5,750	730	223	7,172

Category	<u>THOUSANDS OF DOLLARS</u>					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021
<u>Beach Maintenance</u>						
beach management and monitoring	345	500	500	500	500	2,500
beach parks/access rehabilitation	75	75	75	75	75	375
dunes refurbishment and maintenance	25	25	25	25	25	125
beach renourishment					17,000	
Total	445	600	600	600	17,600	3,000

Stormwater Fund

Stormwater Fund (Enterprise Fund)

This fund is to account for the costs associated with 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 annual base fee per SFU will remain at \$108.70 for FY 2012.

Revenues and Expenditures Analysis - Historical, Estimated Actual, and Budget

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011		FY 2012 Proposed Budget
				Revised Budget	Estimated Actual	
Revenues						
Stormwater Fees	-	-	2,553,971	3,325,450	3,575,795	3,575,795
Grants	-	-	-	300,000	7,000	-
Investments	-	-	83,128	-	-	-
New Bond Issue	-	-	-	-	-	7,000,000
Total Revenue	-	-	2,637,099	3,625,450	3,582,795	10,575,795
Expenses						
Personnel:						
Salaries	-	-	-	-	-	114,660
FICA	-	-	-	-	-	8,860
Retirement	-	-	-	-	-	10,890
Med Flex	-	-	-	-	-	1,000
Preventative Health Care	-	-	-	-	-	400
Preventative Dental Care	-	-	-	-	-	450
Medical & Life Insurance	-	-	-	-	-	10,000
Workers' Compensation	-	-	-	-	-	930
Personnel Adjustment	-	-	-	-	-	-
Subtotal Personnel	-	-	-	-	-	147,190
Operating:						
Water Quality Monitoring	-	-	-	-	-	45,000
NPDES Permitting	-	-	-	-	-	35,000
Beaufort County SWU Administration Fee	-	-	-	-	-	92,109
Subtotal Operating	-	-	-	-	-	172,109
Capital Improvements:						
Capital Projects and Upgrades	-	-	-	1,670,000	1,670,000	1,390,000
Drainage Maintenance and Repairs	-	-	581,839	-	-	1,183,000
Pump Stations	-	-	-	-	-	285,000
Inventory and Modeling	-	-	-	-	-	565,000
Subtotal Capital Improvement	-	-	581,839	1,670,000	1,670,000	3,423,000
Debt Service:						
Administrative	-	-	14,390	3,000	3,000	253,000
Interest	-	-	721,122	660,670	660,670	639,610
Principal	-	-	565,000	585,000	585,000	605,000
Subtotal Debt Service	-	-	1,300,512	1,248,670	1,248,670	1,497,610
Total Expenses	-	-	1,882,351	2,918,670	2,918,670	5,239,909
Transfer Out	-	-	302,763	389,730	389,730	237,820
Revenues Over/(Under) Expenses	-	-	451,985	317,050	274,395	5,098,066

THOUSANDS OF DOLLARS				
Roll Forward Balance	Category	Stormwater Utility Fee	Bond	Other
Infrastructure Upgrades and Improvements				
44	Port Royal Grasslawn CIPP			
985	Miller's Pond			
	Arrow Road		200	
293	US 278 Flooding (SCDOT funding?)			
	Port Royal Plantation culvert upgrades		100	
	Fish Haul culverts		150	
	Hilton Head Plantation pond control structures, dredging, and culvert upgrades		244	
	Port Royal Plantation canal dredging		100	
17	Shipyards canal/pond dredging and culvert upgrades		50	
	Palmetto Hall Plantation weir and inlet upgrades		85	
	Jarvis bypass channel (construction)		98	
	Gum Tree Road south outfall		20	
	Bay Pines Point Comfort outfall		150	
	Broad Creek Shelter Cove bmp retrofits		50	
	Wexford generator permanent mount		33	
	contingency services		110	
1,339	TOTAL	-	1,390	-

Stormwater Fund Expenditures by Funding Source - 2012

THOUSANDS OF DOLLARS				
Roll Forward Balance	Category	Stormwater Utility Fee	Bond	Other
Drainage Maintenance and Repairs				
Non-PUD Areas				
	Oakmarsh Road outfall - remove sediments, extend pipe	10		
	Mathews / Matilda - bank erosion	12		
	Shelter Cove Park sinkhole	2		
	Palmetto Headlands - ditch cleanouts	50		
	Mathews culvert outfall - remove pinch valves and replace with gates	80		
	Folley Field - channel cleanout	75		
	Woodlake Villas outflow backflow prevention weir installation	13		
	Old Woodlands - pond weir / channels up to Pineland Station	20		
	Shamrock Circle - roadside ditches / driveway pipes	80		
	Crossings Park vac haul and pipe jetting	25		
	FY 2012 miscellaneous, vac haul	50		
	channel cleaning	50		
	miscellaneous ditch mowing	25		
	video of miscellaneous suspect failing pipes	25		
350	contingency projects	100		
350	TOTAL	617	-	-
Shipyard - PUD				
	Cottages sinkhole and Shipmaster sinkholes	25		
	Galleon fairway flooding - adjust pipe and repair control structure	20		
	Tennismaster - add box, stub pipe and clean channel	25		
	jet pipe between old Island Packet building and golf lagoon	3		
	extend culvert, lower PSD line on Gloucester Road	5		
	ditch cleaning, vac-haul, stabilization	50		
	TOTAL	128	-	-

Stormwater Fund Expenditures by Funding Source - 2012

THOUSANDS OF DOLLARS				
Roll Forward Balance	Category	Stormwater Utility Fee	Bond	Other
Drainage Maintenance and Repairs (continued)				
Hilton Head Plantation - PUD				
	ditch cleaning, vac-haul stabilization	75		
	Dolphin Head Drive ditch cleaning	16		
	TOTAL	91	-	-
Port Royal Plantation - PUD				
	Scarborough channel widening / stabilization	50		
	ditch cleaning, vac-haul stabilization	20		
	Century Drive area ditch / channel cleaning	30		
	clearing siltation in hole 14 lagoon at end of Coggins Point	5		
	clearing d/s of 90 degree turn at the Links to Bridge	10		
	clearing u/s and d/s of pipes at the Links to Bridge	10		
	clearing siltation upstream of outfall lagoon to US 278 curve	10		
	Coggins Point at US 278 flooding - survey and add infiltration area	15		
	TOTAL	150	-	-
Indigo Run Plantation - PUD				
	vegetation trimming, vac-haul, ditch work	50		
	Owner's Club bank erosion survey only	12		
	TOTAL	62	-	-
Wexford Plantation				
	ditch cleaning, vac-haul, stabilization	10		
	ditch work along powerline easement	50		
	TOTAL	60	-	-
Drainage Maintenance and Repairs Contingency				
100	Drainage Maintenance and Repairs	75	-	-
450	GRAND TOTAL DRAINAGE MAINTENANCE AND REPAIRS	1,183	-	-

Stormwater Fund Expenditures by Funding Source -2012

THOUSANDS OF DOLLARS				
Roll Forward Balance	Category	Stormwater Utility Fee	Bond	Other
Pump Station Costs				
	pump maintenance	120		
	pump buildings, grounds, electrical, and utilities	40		
	Sea Pines pump work (reimbursal per contract)	50		
	emergency contingency	75		
	TOTAL	285	-	-
Inventory and Modeling				
	Broad Creek Shelter Cove - bmp retrofits		60	
30	Port Royal Plantation (1352 AC.)		160	
5	Hilton Head Plantation (3519 AC.) (purchase plans)		200	
150	Jarvis Creek (Gumtree - 100 AC.)		30	
	unaffiliated weatersheds		100	
	Indigo Run Plantation (1651 AC.) (purchase t&h plans)		15	
185	TOTAL	-	565	-

Stormwater Revenue Bonds; \$17,000,000, Dated December 1, 2002

On December 1, 2002, the Town issued \$17,000,000 revenue bonds to fund stormwater management projects.

For the Year Ended June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2012	3.625	639,608	605,000	1,244,608
2013	3.750	616,924	625,000	1,241,924
2014	4.000	592,205	650,000	1,242,205
2015	4.000	565,705	675,000	1,240,705
2016	5.250	533,830	700,000	1,233,830
2017	5.250	496,030	740,000	1,236,030
2018	4.350	459,640	780,000	1,239,640
2019	5.125	421,919	810,000	1,231,919
2020	5.125	379,253	855,000	1,234,253
2021	5.125	334,409	895,000	1,229,409
2022	5.125	287,388	940,000	1,227,388
2023	5.125	237,931	990,000	1,227,931
2024	4.750	187,863	1,040,000	1,227,863
2025	4.750	137,275	1,090,000	1,227,275
2026	4.750	84,194	1,145,000	1,229,194
2027	4.750	28,500	1,200,000	1,228,500
		<u>\$ 6,002,674</u>	<u>\$ 13,740,000</u>	<u>\$ 19,742,674</u>

MEMORANDUM

To: Town Council
From: Stephen G. Riley, Town Manager
Date: June 6, 2011
Subject: Compensation information related to 5/24 Town Council budget meeting

Below is information provided to respond to Council questions and comments made during the 5/24 budget meeting:

Question: Is the proposed 1% merit budget based on performance or is it an across-the-board increase?

The FY11 1% merit increase was performance-based (24 employees, or 10.5% of the eligible population, did not receive the increase due to failure to meet performance expectations). The proposed FY12 1% merit increase would also be performance-based. The Town does not offer COLAs (across-the-board cost of living adjustments that other public sector organizations typically give irrespective of job performance).

Comment: The cost of the 1% merit increase is \$190,000.

The proposed amount equates to a total budget increase of approx. \$181,300 (representing an increase in salary expense of \$147,850 and associated salary-based benefits expense of \$33,450).

Comment: The average Town salary is approx. \$80,000.

The approx. average Town base salary is \$58,200, average benefit cost is \$20,000 and average “total compensation” (salary + benefits) is \$78,200.

Question: What is the budgeted number of Town employees?

- The budget chart distributed by Finance on 5/24 reflects a reduction in “Town Staff” from 255.6 (FY11) to 252.1 (FY12). These numbers include 7 Town Council members.
- Town employees (inc. Town Manager & Municipal Judge) were reduced from 248.6 to 245.1. The full time equivalent (FTE) number of 245.1 reflects 244 FT employees and two PT employees.

Question: What factors contributed to FY11 estimated actual personnel expense (salary + benefits) being less than the proposed FY12 personnel budget (despite position reductions in the FY12 budget)?

The Town has historically budgeted the full personnel costs of salary and benefits without considering the impact of position vacancies. In FY09 and FY10, a vacancy factor was budgeted to reduce the variance between budget and year-end actual expense. However, use of this factor proved confusing to staff and Town Council, and the budget reduction factor was eliminated in FY11. As discussed and understood by our bond rating agencies, the lack of these factors in the budget generally produce favorable budget variances (expenditures less than budget) and justifies why the Town often initially budgets to use more prior year funds (fund balance) than it reports in actual use at the end of the year. The circumstances listed below have contributed to the variance between the FY11 salary/benefit expense projections and the proposed FY12 personnel budget:

- 3.5 budgeted positions were eliminated at various times during FY11 (resulting in unspent budgeted funds)
- Several vacant positions were “on hold” for extended periods during FY11
- FY11 turnover resulted in unspent salary and benefit funds during position vacancies
- Replacement of higher paid employees/retirees with lower-paid employees (typically through promotions within F&R) resulted in lower FY11 expenditures
- Salary and benefit increases reflected in FY12 budget (1% merit increase, 7.5% health premium increase, and \$100,000 VantageCare Retirement Health Savings Plan new line item)

Considering the above and unknown FY12 factors (i.e. status of “on hold” positions, turnover rate), reducing the proposed FY12 personnel budget to the FY11 year-end projection could result in insufficient funding.

Question: How are merit increase budget recommendations determined over time?

Compensation of Town employees is typically evaluated by an external consultant every 5 – 7 years. A periodic comprehensive study of this type is used to ensure that employee compensation is internally equitable and externally competitive at a given point in time. As an example of this type of study and the approved study implementation recommendation, see the FY07 study document titled “A Job Classification and Compensation Plan for Hilton Head Island” (**Attachment A**) and the implementation recommendation memo titled “Classification & Compensation Study Implementation” (**Attachment B**).

During the years between comprehensive compensation studies, we use available national, regional and SC government and utility survey data as input to determine the recommended annual merit budget increase needed to maintain a competitive compensation program. See samples of national, regional and SC survey data used as the basis for recommending the 1% merit increase for FY12 (**Attachment C**).

Recent history of annual salary budget increase amounts: FY10 – 0, FY11 – 1%, FY12 – 1% (proposed)

Question: Why is it important to maintain competitive Town salaries?

- Unlike most other public sector employers in South Carolina and nationally, the Town does not offer a pension to all employees. To address what may be a deficiency in attracting and retaining public sector employees, the Town must focus on ensuring that our base salaries are competitive.
- Some other public sector employers provide both a COLA (across -the-board increase) and a merit increase to employees on an annual basis. Town merit increase recommendations are designed to be competitive with the combination of COLA/merit offered by other public sector employers.
- Due to higher cost of living on the island and a desire to encourage our employees to live here and become involved in the community, we have established a salary range schedule slightly higher than that of otherwise comparable employers.
- As Town positions are eliminated, remaining employees must absorb added responsibilities. Maintaining competitive salaries will ensure that remaining employees are fairly compensated for expanded workloads.

Question: Is expanded compensation benchmarking available?

During the budget meeting on 5/24, council members suggested that data comparing the Town with “similar” organizations would be helpful in evaluating staff levels, compensation and proposed increases. Comparison of data such as average salary (or average salary + benefits), personnel budget (salary and benefits), employee personnel cost per citizen, # of staff/FTE’s, etc. was referenced.

Public sector benchmarking data of this type is not readily available from national or state benchmark databases (i.e. International City Managers Association, Society of Human Resources Professionals, WorldAtWork Compensation Association, International Personnel Management Association, Saratoga Institute) at this time. As stated by a council member, public sector efforts in developing benchmarking/metrics are currently deficient when compared to results achieved by the private sector in this area.

The challenge in producing this type of comparative data lies in the need to clearly define “similar.” Factors such as services provided, citizen expectations, service delivery methods, compensation philosophy, funding approaches, etc., would need to be thoroughly researched to ensure an “apples to apples” comparison of macro data.

ATTACHMENT A

A JOB CLASSIFICATION AND
COMPENSATION PLAN
FOR
HILTON HEAD ISLAND,
SOUTH CAROLINA

April 2007

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- Appendix B: Position/Grade Analysis by Grade
- Appendix C: Salary Survey Summary
- Appendix D: Benefits Survey Summary

Introduction

At the request of the Town of Hilton Head Island, Condrey and Associates, Inc. entered into a contract with the Town for review of the Town's classification and compensation plan.

The objectives of the study included:

1. Reviewing and revising the current classification system and pay plan for all Town employees;
2. Collecting wage and benefit survey data;
3. Producing a recommended pay plan based on job analysis, job evaluation, and wage survey data;
4. Revising the Town's job descriptions; and
5. Reviewing and recommending policy or procedure changes to support new pay plan.

The process used to collect the necessary data and develop the classification and compensation plan consisted of several steps or phases. The first step involved the distribution of position description questionnaires for all Town department heads and employees to complete. After reviewing the information provided by department heads and employees, Condrey and Associates interviewed employees individually and developed a revised classification for each position. Approximately 50% of position incumbents were personally interviewed for the study. Our experience in interviewing the Town's employees was a positive one. The Town should take pride in its competent and professional workforce.

The next phase in the work plan involved evaluating each classification for grade assignment. In order to provide a reliable set of ratings, all existing positions ratings were reviewed by Condrey and Associates. Appendix A depicts the grade level assigned all Town

positions. The assigned grade levels reflect a combination of data generated by the Town's point-factor evaluation system, Condrey and Associates' application of a confirmatory point-factor methodology, salary survey data, and a review of organizational relationships within the Town.

The project also involved collecting salary survey information. Condrey and Associates conducted a salary survey of selected organizations specifically for this study. The survey respondents are listed in Table I. Summary results of the survey are presented in Appendix C. Even after completion of these phases, it will be necessary to reevaluate positions based on a change in duties or on a refocused job description. It is the intention of Condrey and Associates to provide technical assistance in this process.

Table I
Salary Survey Respondents

Florida

Broward County
City of St. Augustine
Miami-Dade Fire & Rescue
City of Tampa

Georgia

DeKalb County Fire & Rescue
City of Savannah

Maryland

City of Annapolis

North Carolina

City of Asheville
City of Charlotte
Town of Cary
City of Wilmington

South Carolina

Beaufort County
Beaufort County School System
BJWSA
City of Greenville
Town of Mount Pleasant
City of Myrtle Beach
Palmetto Electric
Hargray

Utah

City of Park City

Virginia

Fairfax County
City of Virginia Beach

The Compensation Plan

The compensation plan developed for the Town is based on an internal value system reflected in the classification plan and on a salary survey of comparable organizations to help assure an externally equitable and competitive pay system.

The pay plan consists of twenty-eight grades. Tables II – A, B and C display the proposed salary scales. The salary range for each grade is fifty percent. The range is deliberately broad so that problems associated with employees reaching the top of their pay range will be minimized. Further, it is recommended that once employees reach the top of the range, performance increases continue to be earned as a bonus. This will help alleviate retention and motivation problems associated with employees who have "topped out" of their pay range.

In order to keep the proposed salary table current, an annual market adjustment should be considered. This adjustment should be applied as an increase to the salary schedule and as a general percentage salary increase for all employees when market conditions dictate. This market adjustment should be made in addition to performance-based increases. Thus, the Town may budget for two annual personnel cost adjustments: 1) an increase which would raise every employee salary and every pay range equally when market conditions dictate, and 2) merit increases linked to employee performance.

Table II – A
Proposed Salary Scale
Town of Hilton Head Island, South Carolina

GRADE	MINIMUM	1 ST QUARTILE	MID-POINT	3 RD QUARTILE	MAXIMUM
1	14,165.56	15,936.26	17,706.95	19,477.65	21,248.34
2	15,298.81	17,211.16	19,123.51	21,035.86	22,948.21
3	16,522.71	18,588.05	20,653.39	22,718.73	24,784.07
4	17,844.53	20,075.10	22,305.66	24,536.23	26,766.79
5	19,272.09	21,681.10	24,090.11	26,499.13	28,908.14
6	20,813.86	23,415.59	26,017.32	28,619.06	31,220.79
7	22,478.97	25,288.84	28,098.71	30,908.58	33,718.45
8	24,277.28	27,311.95	30,346.61	33,381.27	36,415.93
9	26,219.47	29,496.90	32,774.33	36,051.77	39,329.20
10	28,317.03	31,856.65	35,396.28	38,935.91	42,475.54
11	30,582.39	34,405.19	38,227.98	42,050.78	45,873.58
12	33,028.98	37,157.60	41,286.22	45,414.84	49,543.47
13	35,671.30	40,130.21	44,589.12	49,048.03	53,506.94
14	38,525.00	43,340.63	48,156.25	52,971.88	57,787.50
15	41,607.00	46,807.88	52,008.75	57,209.63	62,410.50
16	44,935.56	50,552.51	56,169.45	61,786.40	67,403.34
17	48,530.40	54,596.71	60,663.01	66,729.31	72,795.61
18	52,412.84	58,964.44	65,516.05	72,067.65	78,619.26
19	56,605.86	63,681.60	70,757.33	77,833.06	84,908.80
20	61,134.33	68,776.12	76,417.92	84,059.71	91,701.50
21	66,025.08	74,278.21	82,531.35	90,784.48	99,037.62
22	71,307.09	80,220.47	89,133.86	98,047.24	106,960.63
23	77,011.65	86,638.11	96,264.57	105,891.02	115,517.48
24	83,172.59	93,569.16	103,965.73	114,362.31	124,758.88
25	89,826.39	101,054.69	112,282.99	123,511.29	134,739.59
26	97,012.50	109,139.07	121,265.63	133,392.19	145,518.76
27	104,773.50	117,870.19	130,966.88	144,063.57	157,160.26
28	113,155.38	127,299.81	141,444.23	155,588.65	169,733.08

Table II – B
Proposed Salary Scale
Town of Hilton Head Island, South Carolina

GRADE	MINIMUM	1 ST QUARTILE	MID-POINT	3 RD QUARTILE	MAXIMUM
1	13,549.67	15,243.38	16,937.09	18,630.79	20,324.50
2	14,633.64	16,462.85	18,292.05	20,121.26	21,950.46
3	15,804.33	17,779.88	19,755.42	21,730.96	23,706.50
4	17,068.68	19,202.27	21,335.85	23,469.44	25,603.02
5	18,434.17	20,738.45	23,042.72	25,346.99	27,651.26
6	19,908.91	22,397.52	24,886.14	27,374.75	29,863.36
7	21,501.62	24,189.32	26,877.03	29,564.73	32,252.43
8	23,221.75	26,124.47	29,027.19	31,929.91	34,832.63
9	25,079.49	28,214.43	31,349.36	34,484.30	37,619.24
10	27,085.85	30,471.58	33,857.31	37,243.04	40,628.78
11	29,252.72	32,909.31	36,565.90	40,222.49	43,879.08
12	31,592.94	35,542.05	39,491.17	43,440.29	47,389.40
13	34,120.37	38,385.42	42,650.46	46,915.51	51,180.56
14	36,850.00	41,456.25	46,062.50	50,668.75	55,275.00
15	39,798.00	44,772.75	49,747.50	54,722.25	59,697.00
16	42,981.84	48,354.57	53,727.30	59,100.03	64,472.76
17	46,420.39	52,222.94	58,025.48	63,828.03	69,630.58
18	50,134.02	56,400.77	62,667.52	68,934.27	75,201.03
19	54,144.74	60,912.83	67,680.92	74,449.02	81,217.11
20	58,476.32	65,785.86	73,095.40	80,404.94	87,714.48
21	63,154.42	71,048.73	78,943.03	86,837.33	94,731.64
22	68,206.78	76,732.63	85,258.47	93,784.32	102,310.17
23	73,663.32	82,871.24	92,079.15	101,287.07	110,494.98
24	79,556.39	89,500.93	99,445.48	109,390.03	119,334.58
25	85,920.90	96,661.01	107,401.12	118,141.23	128,881.35
26	92,794.57	104,393.89	115,993.21	127,592.53	139,191.85
27	100,218.13	112,745.40	125,272.67	137,799.93	150,327.20
28	108,235.59	121,765.03	135,294.48	148,823.93	162,353.38

Table II – C
Proposed Salary Scale
Town of Hilton Head Island, South Carolina

GRADE	MINIMUM	1 ST QUARTILE	MID-POINT	3 RD QUARTILE	MAXIMUM
1	12,317.88	13,857.62	15,397.35	16,937.09	18,476.82
2	13,303.31	14,966.22	16,629.14	18,292.05	19,954.97
3	14,367.58	16,163.52	17,959.47	19,755.42	21,551.36
4	15,516.98	17,456.60	19,396.23	21,335.85	23,275.47
5	16,758.34	18,853.13	20,947.93	23,042.72	25,137.51
6	18,099.01	20,361.38	22,623.76	24,886.14	27,148.51
7	19,546.93	21,990.29	24,433.66	26,877.03	29,320.39
8	21,110.68	23,749.52	26,388.35	29,027.19	31,666.02
9	22,799.54	25,649.48	28,499.42	31,349.36	34,199.31
10	24,623.50	27,701.44	30,779.38	33,857.31	36,935.25
11	26,593.38	29,917.55	33,241.73	36,565.90	39,890.07
12	28,720.85	32,310.96	35,901.06	39,491.17	43,081.28
13	31,018.52	34,895.83	38,773.15	42,650.46	46,527.78
14	33,500.00	37,687.50	41,875.00	46,062.50	50,250.00
15	36,180.00	40,702.50	45,225.00	49,747.50	54,270.00
16	39,074.40	43,958.70	48,843.00	53,727.30	58,611.60
17	42,200.35	47,475.40	52,750.44	58,025.48	63,300.53
18	45,576.38	51,273.43	56,970.48	62,667.52	68,364.57
19	49,222.49	55,375.30	61,528.11	67,680.92	73,833.74
20	53,160.29	59,805.33	66,450.36	73,095.40	79,740.43
21	57,413.11	64,589.75	71,766.39	78,943.03	86,119.67
22	62,006.16	69,756.93	77,507.70	85,258.47	93,009.24
23	66,966.66	75,337.49	83,708.32	92,079.15	100,449.98
24	72,323.99	81,364.49	90,404.98	99,445.48	108,485.98
25	78,109.91	87,873.64	97,637.38	107,401.12	117,164.86
26	84,358.70	94,903.54	105,448.37	115,993.21	126,538.05
27	91,107.39	102,495.82	113,884.24	125,272.67	136,661.09
28	98,395.99	110,695.48	122,994.98	135,294.48	147,593.98

Cost of Implementation

The following paragraphs present three implementation plans for the Town's consideration. The cost figures do not include benefit or overtime costs. Thus, the following cost figures do not represent the Town's total personnel costs for these positions.

Table III depicts the cost to implement the new compensation plans. The annualized cost to implement classification changes necessitated by Plan A is \$242,533 or 1.96% of current payroll cost. The new compensation system mirrors the Town's labor market (approximately 115% of the mean labor market when adjusted for anticipated inflationary increases). The cost to implement Plan B is \$125,821 or 1.01% of current payroll cost (approximately 110% of the adjusted mean labor market). Plan C's cost to implement is \$20,210 or 0.16% of current payroll cost (approximately 100% of the adjusted mean labor market). In our opinion, Plan B is the preferable plan of the three presented. Plan B creates a competitive pay structure at a modest cost.

Implementing the new compensation system will compress individual pay rates (salaries grouped closely together, regardless of length of service to the organization or quality of performance). The Town may wish to consider an equity adjustment to ameliorate this problem. The equity adjustment Condrey and Associates normally utilizes is based on an employee's total service to the organization. Utilizing a formula that would reward 1-3 years service with a 2% incremental increase, 4-6 years service with a 4% increase, and seven or more years service with a 6% increase would result in an approximate 4.63% increase over adjusted payroll totals. Condrey and Associates is willing to work with the Town's management to arrive at an appropriate equity adjustment scheme for the Town.

Table III
 Cost of Implementation
 Hilton Head Island Personnel Project

	Classification Changes¹	Equity Adjustments²	Total Implementation Cost
Plan A	\$242,533 (1.96%)	\$582,994 (4.61%)	\$825,527
Plan B	\$125,821 (1.01%)	\$580,210 (4.63%)	\$706,031
Plan C	\$20,210 (0.16%)	\$576,565 (4.64%)	\$596,775

¹ Increases are projected based on current payroll total of \$12,403,566 (excluding salaries for elected officials and contract employees). Increases are given to employees whose base pay is lower than the minimum proposed for their position. The figures are exclusive of benefit costs.

² Increases are based on the formula described on page 8.

Additional Compensation Concerns

Appendix D presents summary results of the benefits survey. As can be noted through review of the appendix, the Town of Hilton Head Island offers a competitive benefits package, with no major anomalies noted when the Town's benefit package is compared to the survey group. An exception is retiree health insurance coverage, where some jurisdictions pay a portion of the retiree premium.

Condrey and Associates also recommends raising the premium pay for Paramedic certification from 8.5% to 10% and the addition of a 2.5% Special Operations/HazMat premium. Market survey results support these changes and it is our opinion that these enhanced premiums will ultimately improve the quality of service provided to the Town's citizens.

Another portion of the survey concerned additional compensation for employees working in high-cost areas. By reconfiguring housing cost data by zip code, Condrey and Associates was able to determine that the median housing cost (home sales price) on Hilton Head Island (\$433,840) was higher than that for all of the survey respondents except Park City, Utah (median of \$454,698) and double the median price for the State of South Carolina (\$217,085).

While housing sales cost is just one measure of the cost of living by locality, it is a good indicator that the average Town of Hilton Head Island employee would have a difficult time residing within the Town's city limits. In part, Plans A and B presented in Table III are an effort to begin to attract and retain a high-quality workforce through an attractive wage structure.

Another alternative and/or complement to an enhanced salary structure is to pay a direct housing subsidy to Town employees. Of the twenty-two organizations responding to our survey, only one reported such a benefit (\$200 per month for regular employees; \$250 per month for

public safety employees). The advantage of a direct housing cost payment is that it benefits all employees equally. Condrey and Associates will be available to facilitate such a discussion if the Town chooses this alternative.

Appendix A
Position/Grade Analysis by Department
Town of Hilton Head Island Personnel Project

DEPT	POSITION	GRADE	FLSA
ADM/1	Assistant Town Manager	27	E
ADM/2	Staff Attorney/Prosecutor	23	E
ADM/3	Municipal Judge	UNCL	E
ADM/4	Administration Manager/Public Information Coordinator	19	E
ADM/5	Court Administrator	18	E
ADM/6	Town Clerk	16	N
ADM/7	Code Enforcement Officer	16	N
ADM/8	Executive Assistant	15	N
ADM/9	Municipal Court Assistant	13	N
ADM/10	Records/Deputy Clerk Assistant	13	N
ADM/11	Legal Assistant	13	N
ADM/12	Information Specialist	10	N
BFC/1	Building and Fire Codes Director	23	E
BFC/2	Chief Plans Examiner/Programs Coordinator	20	E
BFC/3	Chief Codes Inspector	19	E
BCF/4	Chief Fire Codes Inspector	19	E
BFC/5	Building and Fire Codes Administrative Manager	18	E
BFC/6	Senior Fire Codes Inspector	17	N
BFC/7	Senior Building Codes Inspector	17	N
BFC/8	Special Projects Inspector	16	N
BFC/9	Plans Examiner	16	N
BFC/10	Fire Codes Inspector	16	N
BFC/11	Building Codes Inspector	16	N
BFC/12	Building and Fire Codes Assistant	14	N
BFC/13	Building and Fire Codes Coordinator	14	N
EX/1	Town Manager	UNCL	E
FD/1	Fire Chief	25	E
FD/2	Deputy Fire Chief	23	E
FD/3	Fire Battalion Chief - Line	21	E
FD/4	Fire Battalion Chief - Staff	21	E
FD/5	Communications Manager	21	E
FD/6	Deputy Fire Marshal	21	E
FD/7	Emergency Management Coordinator	20	E

DEPT	POSITION	GRADE	FLSA
FD/8	Public Safety Systems Administrator	21	E
FD/9	Maintenance Supervisor	18	E
FD/10	Fire Captain - Staff	18	N
FD/11	Fire Captain – Line	18*	N
FD/12	Senior Fire Inspector	17	N
FD/13	Public Safety Systems Analyst	19	E
FD/14	Public Education Officer	17	E
FD/15	Assistant Emergency Management Coordinator	17	N
FD/16	Fire Lieutenant	17*	N
FD/17	Addressing Technician	16	N
FD/18	Fire Inspector	16	N
FD/19	Communications Supervisor	16	N
FD/20	Fire Apparatus Operator	16*	N
FD/21	Senior Mechanic	15	N
FD/22	Senior Firefighter	16*	N
FD/23	Firefighter	14*	N
FD/24	Mechanic	14	N
FD/25	Senior Dispatcher	14	N
FD/26	Repair Technician	13	N
FD/30	Communications Dispatcher	13	N
FIN/1	Finance Director	24	E
FIN/2	Finance Assistant	14	N
FIN/3	Deputy Finance Director	22	E
FIN/4	Revenue Analyst	18	E
FIN/5	Revenue and Collections Manager	18	E
FIN/6	Revenue Collector	15	N
FIN/7	License and Revenue Specialist	13	N
FIN/8	Accounting Manager	20	E
FIN/9	Senior Accountant	18	E
FIN/10	Accountant	16	N
FIN/11	Payroll Administrator	16	N
FIN/12	Accounts Payable Coordinator	13	N
FIN/13	EMS Accounts Specialist	13	N
FIN/14	Accounting Specialist	13	N
FM/1	Facilities Manager	23	E
FM/2	Assistant Facilities Manager	20	E
FM/3	Facilities Contracts and Services Administrator	18	E

*2.5% incentive pay for special operations/HazMat certification; 10% incentive pay for paramedic certification.

DEPT	POSITION	GRADE	FLSA
FM/4	Facilities Business Administrator	18	E
FM/5	Lead Facilities Technician	15	N
FM/6	Facilities Technician	13	N
FM/7	Facilities Business Assistant	13	N
FM/8	Beach Services Attendant	9	N
HR/1	Director of Human Resources	24	E
HR/2	Senior Human Resources Administrator	19	E
HR/3	Human Resources Administrator	18	E
HR/4	Human Resources Assistant	14	N
OPER/1	Operations Manager	23	E
OPER/2	GIS Administrator	21	E
OPER/3	Network Administrator/Systems Engineer	21	E
OPER/4	MIS Administrator	21	E
OPER/5	Website/Court Systems Administrator	19	E
OPER/6	GIS Analyst II	18	E
OPER/7	Systems Analyst	19	E
OPER/8	Network Technician II	18	N
OPER/9	GIS Analyst I	17	N
OPER/10	Network Technician I	17	N
OPER/11	Operations Specialist	14	N
PL/1	Planning Director	25	E
PL/2	Deputy Planning Director	23	E
PL/3	Planning Division Manager	21	E
PL/4	Natural Resources Manager	20	E
PL/5	Urban Designer	20	E
PL/6	Natural Resources Associate	19	E
PL/7	Senior Planner	19	E
PL/8	Senior Grants Administrator	19	E
PL/9	Planner	16	N
PL/10	Grants Administrator	18	N
PL/11	Planning Assistant	14	N
PPF/1	Deputy Town Manager	28	E
PPF/2	Town Engineer	23	E
PPF/3	Traffic and Transportation Engineer	22	E
PPF/4	Assistant Town Engineer	21	E
PPF/5	Engineering Technician II	17	N
PPF/6	Engineering Technician I	16	N

DEPT	POSITION	GRADE	FLSA
TW/1	Administrative Clerk	10	N
TW/2	Administrative Assistant	13	N
TW/3	Senior Administrative Assistant	14	N

Appendix B
 Position/Grade Analysis by Grade
 Town of Hilton Head Island Personnel Project

DEPT	POSITION	GRADE
ADM/3	Municipal Judge	UNCL
EX/1	Town Manager	UNCL
PPF/1	Deputy Town Manager	28
ADM/1	Assistant Town Manager	27
FD/1	Fire Chief	25
PL/1	Planning Director	25
HR/1	Director of Human Resources	24
FIN/1	Finance Director	24
BFC/1	Building and Fire Codes Director	23
FD/2	Deputy Fire Chief	23
PL/2	Deputy Planning Director	23
FM/1	Facilities Manager	23
OPER/1	Operations Manager	23
ADM/2	Staff Attorney/Prosecutor	23
PPF/2	Town Engineer	23
FIN/3	Deputy Finance Director	22
PPF/3	Traffic and Transportation Engineer	22
PPF/4	Assistant Town Engineer	21
FD/5	Communications Manager	21
FD/6	Deputy Fire Marshal	21
FD/3	Fire Battalion Chief - Line	21
FD/4	Fire Battalion Chief - Staff	21
OPER/2	GIS Administrator	21
OPER/4	MIS Administrator	21
OPER/3	Network Administrator/Systems Engineer	21
PL/3	Planning Division Manager	21
FD/8	Public Safety Systems Administrator	21
FIN/8	Accounting Manager	20
FM/2	Assistant Facilities Manager	20
BFC/2	Chief Plans Examiner/Programs Coordinator	20

DEPT	POSITION	GRADE
FD/7	Emergency Management Coordinator	20
PL/4	Natural Resources Manager	20
PL/5	Urban Designer	20
ADM/4	Administration Manager/Public Information Coordinator	19
BFC/3	Chief Codes Inspector	19
BCF/4	Chief Fire Codes Inspector	19
PL/6	Natural Resources Associate	19
FD/13	Public Safety Systems Analyst	19
PL/8	Senior Grants Administrator	19
HR/2	Senior Human Resources Administrator	19
PL/7	Senior Planner	19
OPER/7	Systems Analyst	19
OPER/5	Website/Court Systems Administrator	19
BFC/5	Building and Fire Codes Administrative Manager	18
ADM/5	Court Administrator	18
FM/4	Facilities Business Administrator	18
FM/3	Facilities Contracts and Services Administrator	18
FD/11	Fire Captain – Line	18*
FD/10	Fire Captain - Staff	18
OPER/6	GIS Analyst II	18
PL/10	Grants Administrator	18
HR/3	Human Resources Administrator	18
FD/9	Maintenance Supervisor	18
OPER/8	Network Technician II	18
FIN/4	Revenue Analyst	18
FIN/5	Revenue and Collections Manager	18
FIN/9	Senior Accountant	18
FD/15	Assistant Emergency Management Coordinator	17
PPF/5	Engineering Technician II	17
FD/16	Fire Lieutenant	17*
OPER/9	GIS Analyst I	17
OPER/10	Network Technician I	17
FD/14	Public Education Officer	17
BFC/7	Senior Building Codes Inspector	17
BFC/6	Senior Fire Codes Inspector	17
FD/12	Senior Fire Inspector	17

*2.5% incentive pay for special operations/HazMat certification; 10% incentive pay for paramedic certification.

DEPT	POSITION	GRADE
FIN/10	Accountant	16
FD/17	Addressing Technician	16
BFC/11	Building Codes Inspector	16
ADM/7	Code Enforcement Officer	16
FD/19	Communications Supervisor	16
PPF/6	Engineering Technician I	16
FD/20	Fire Apparatus Operator	16*
BFC/10	Fire Codes Inspector	16
FD/18	Fire Inspector	16
FIN/11	Payroll Administrator	16
PL/9	Planner	16
BFC/9	Plans Examiner	16
FD/22	Senior Firefighter	16*
BFC/8	Special Projects Inspector	16
ADM/6	Town Clerk	16
ADM/8	Executive Assistant	15
FM/5	Lead Facilities Technician	15
FIN/6	Revenue Collector	15
FD/21	Senior Mechanic	15
BFC/12	Building and Fire Codes Assistant	14
BFC/13	Building and Fire Codes Coordinator	14
FIN/2	Finance Assistant	14
FD/23	Firefighter	14*
HR/4	Human Resources Assistant	14
FD/24	Mechanic	14
OPER/11	Operations Specialist	14
PL/11	Planning Assistant	14
TW/3	Senior Administrative Assistant	14
FD/25	Senior Dispatcher	14
FIN/14	Accounting Specialist	13
FIN/12	Accounts Payable Coordinator	13
TW/2	Administrative Assistant	13
FD/30	Communications Dispatcher	13
FIN/13	EMS Accounts Specialist	13
FM/7	Facilities Business Assistant	13
FM/6	Facilities Technician	13
ADM/11	Legal Assistant	13
FIN/7	License and Revenue Specialist	13
ADM/9	Municipal Court Assistant	13

DEPT	POSITION	GRADE
ADM/10	Records/Deputy Clerk Assistant	13
FD/26	Repair Technician	13
TW/1	Administrative Clerk	10
ADM/12	Information Specialist	10
FM/8	Beach Services Attendant	9

Appendix C						
Hilton Head Island						
Salary Survey Summary						
	Minimum Annual Rate Mean	Minimum Annual Rate Median	Maximum Annual Rate Mean	Maximum Annual Rate Median	Actual Average Mean	Actual Average Median
Administrative Clerk	\$23,693	\$22,819	\$36,818	\$36,366	\$29,197	\$29,701
Administrative Assistant	\$27,013	\$26,955	\$41,888	\$40,539	\$36,412	\$36,225
Town Manager	\$102,842	\$97,591	\$124,054	\$119,163	\$124,054	\$119,163
Director of Finance	\$69,112	\$66,718	\$104,809	\$109,595	\$105,704	\$101,775
Payroll Administrator	\$35,864	\$32,067	\$55,792	\$51,938	\$48,532	\$45,740
Accountant	\$37,771	\$36,210	\$57,320	\$56,400	\$44,952	\$43,389
Accounts Specialist	\$29,435	\$29,143	\$45,155	\$44,917	\$39,057	\$35,630
Network Administrator	\$49,294	\$47,405	\$76,650	\$74,822	\$70,176	\$69,912
GIS Administrator	\$49,347	\$47,416	\$73,995	\$75,069	\$65,577	\$66,025
Systems Analyst	\$45,121	\$45,130	\$68,102	\$67,335	\$58,362	\$54,058
GIS Analyst	\$39,897	\$40,490	\$60,058	\$60,644	\$48,798	\$48,318
Code Enforcement Officer	\$31,472	\$30,241	\$45,765	\$45,616	\$38,378	\$34,573
Staff Attorney/Prosecutor	\$65,453	\$63,082	\$100,917	\$96,309	\$105,292	\$80,891
Director of Human Resources	\$67,543	\$63,541	\$105,199	\$104,843	\$99,079	\$94,164
Human Resources Administrator	\$45,896	\$44,279	\$70,045	\$67,335	\$61,840	\$57,437
Director of Planning	\$67,021	\$62,258	\$99,504	\$97,317	\$97,872	\$95,098
Senior Planner	\$44,634	\$43,219	\$67,412	\$67,335	\$62,839	\$59,414
Planner	\$40,213	\$39,780	\$61,484	\$61,350	\$50,707	\$52,165
Town Engineer	\$60,016	\$62,067	\$89,422	\$91,282	\$96,124	\$97,086
Engineering Technician	\$38,394	\$39,042	\$58,833	\$56,647	\$50,689	\$53,154
Director of Building and Fire Codes	\$59,110	\$57,011	\$90,993	\$90,826	\$86,804	\$85,961
Chief Codes Inspector	\$45,790	\$46,770	\$68,469	\$69,536	\$60,139	\$62,234
Building Codes Inspector	\$35,621	\$34,270	\$54,095	\$52,327	\$43,415	\$45,625
Communications Supervisor	\$35,020	\$35,224	\$53,760	\$51,744	\$47,967	\$46,106
Communications Dispatcher	\$27,699	\$27,500	\$41,356	\$40,377	\$32,422	\$31,399
Mechanic	\$31,727	\$30,846	\$48,482	\$48,004	\$42,559	\$42,474
Fire Chief	\$83,966	\$74,956	\$133,910	\$118,960	\$112,423	\$111,369
Deputy Fire Chief	\$65,876	\$60,181	\$112,786	\$83,375	\$87,519	\$87,926
Battalion Chief	\$56,409	\$54,796	\$85,384	\$79,356	\$71,050	\$65,973
Captain/EMT	\$48,198	\$45,198	\$73,040	\$72,285	\$57,959	\$54,853
Captain/Paramedic	\$54,053	\$50,991	\$83,840	\$79,097	\$70,768	\$68,638
Lieutenant/EMT	\$43,548	\$43,035	\$66,454	\$64,615	\$57,626	\$59,236
Lieutenant/Paramedic	\$49,314	\$49,536	\$75,853	\$73,431	\$69,310	\$68,166
Fire Apparatus Operator/EMT	\$36,859	\$35,669	\$57,182	\$54,374	\$42,801	\$41,626

	Minimum Annual Rate Mean	Minimum Annual Rate Median	Maximum Annual Rate Mean	Maximum Annual Rate Median	Actual Average Mean	Actual Average Median
Fire Apparatus Operator/Paramedic	\$39,792	\$39,630	\$64,339	\$63,317	\$48,264	\$42,745
Firefighter/EMT	\$33,358	\$32,115	\$52,702	\$51,169	\$36,821	\$31,547
Firefighter/Paramedic	\$40,292	\$41,042	\$63,993	\$63,669	\$41,295	\$49,783

Appendix D Benefits Survey Summary*

Please complete the following information concerning your organization:

1. Total number of employees in your organization.

846	244	Full time	124	3	Part time
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2. Number of hours worked per week by Administrative/Professional employees: **39.62** **37.5**
 Number of hours worked per week by Firefighters: **54** **56**
 Number of hours worked per week by Dispatch employees: **41** **42**
 Other schedule: **35.5** **40** hours per week.
 Which classes of employees work this schedule? **Fire administrative personnel, police officers, EMS, bus drivers, and teacher's assistants. F & R Coverage Company and Vehicle Maintenance both work 4 10-hour days.**

3. Total annual payroll cost (please include all wages, overtime, special payments, bonuses, required FICA employer contributions, workers' compensation, unemployment compensation, and all other payments directly related to the workforce) **mean = \$76,583,416.61 \$17,773,155**
median = \$39,123,827.00

4. Please provide information below that applies to your organization.

GROUP HEALTH INSURANCE

Plans offered: **12** X PPO **5** X HMO **6** Other _____

Monthly premium paid by Employer:

Employee Only	\$295.85	\$317.98	\$310.26	\$317.98	\$324.88	\$ _____
Employee/Spouse	\$417.51	\$577.12	\$530.07	\$577.12	\$448.97	\$ _____
Employee/Child(ren)	\$361.33	\$425.82	\$433.28	\$425.82	\$407.02	\$ _____
Family	\$509.76	\$660.44	\$615.50	\$660.44	\$593.01	\$ _____

Monthly premium paid by Employee:

Employee Only	\$ 75.02	\$ 14.12	\$ 51.52	\$ 44.76	\$ 20.52	\$ _____
Employee/Spouse	\$279.40	\$127.84	\$207.59	\$294.94	\$116.86	\$ _____
Employee/Child(ren)	\$259.62	\$ 53.64	\$186.77	\$174.92	\$115.21	\$ _____
Family	\$330.45	\$180.36	\$314.02	\$417.10	\$179.52	\$ _____

Are part-time employees eligible? **4** X Yes **9** No

If yes, what is the minimum number of required hours worked per week?

25 at least **20/week**

*Red = Salary Survey Summary; Blue = Hilton Head Island

Are retirees covered? **11 X** Yes **2** No
 Retiree plans offered: **9 X** PPO **3 X** HMO **1** Other Med. Sup.

If yes, % paid by employer: **Rates depend on employee years of service (2 respondents); another is self-funded and the costs fluctuate (1 respondent).**

	PPO		HMO		Other
Retiree Only	76.00%	0%	88.25%	0%	0%
Retiree/Spouse	67.67%	0%	79.00%	0%	0%
Retiree/Child(ren)	68.67%	0%	77.00%	0%	0%
Family	65.83%	0%	5.25%	0%	0%

DENTAL INSURANCE

Monthly amount of premium by employer	Employee Only	Employee/Spouse	Employee/Child(ren)	Family
	\$12.22	\$11.71	\$12.62	\$11.71
			\$13.80	\$11.71
				\$17.99

Monthly amount of premium by employee	Employee Only	Employee/Spouse	Employee/Child(ren)	Family
	\$ 7.96	\$ 0.00	\$23.77	\$ 7.64
			\$23.04	\$13.72
				\$36.29

GROUP LIFE INSURANCE

Is basic life insurance coverage provided: **13 X** Yes **0** No

How is amount determined?

9 - Percentage of pay – if so, what percentage: **100%**

.0250 x salary (1 respondent)

100% of annual salary (4 respondents)

200% of base pay adjusted to next highest \$1,000 (2 respondents), but 1 limits the coverage up to a max. of \$100,000

300% of salary (2 respondents)

5 - Flat amount – if so, what amount:

\$3,000 (1 respondent)

\$10,000 (1 respondent)

\$20,000 (1 respondent)

\$25,000 (1 respondent)

\$20,000 Life + \$40,000 AD&D + \$3,000 per dependent (1 respondent)

Other. If other, please explain:

(1 response) \$20K group life insurance + \$20K AD&D (1 respondent)

F & R employees who are eligible for coverage under our defined benefit plan have an additional life insurance benefit equal to 1 times their annual salary.

What percentage of the premium is paid by employer? **100 % (2 did not answer) 100%**

VACATION DAYS

Number of vacation days accrued per year:

Admin/Professional Police/Exec.		Firefighter		Dispatcher		Other:		
Year 1	9.45	12	9.45	5.6	11.3	8.4	20.5	9.6
Year 5	16.0	15	12.69	7.0	15.3	10.5	24.0	12.0
Year 10	19.3	18	15.24	8.4	18.4	12.6	26.5	14.4
Year 15	21.4	21	17.47	9.8	20.8	14.7	28.0	16.8
Year 20	23.2	24	19.24	11.2	22.0	16.8	28.5	19.2
Year 25	24.1	24	23.50	11.2	23.0	16.8	29.0	19.2

Maximum carry-over from year to year: **6 weeks**

Carry-over policies vary widely:

0 carry-over (1 respondent)

100% up to 624 hours + 123.2 hours holiday + 1 year accrued (1)

Multiples of the accrual rate: 4 times the accrual rate (1) / 2 times the accrual rate (1)

Varies depending on an employee's years of service (2)

2 years accrued (1)

200 hours (1)/ maximum of 280 hours at any time (1)/ 400 hours (1)

36 days (1) / 45 days (1)/ 90 days (1)

Is annual conversion to pay allowed? **3** Yes **9 X** No **(1 did not answer)**

If yes, how much? **3 days (for union only); 8 days with 16+ years of service**

PERSONAL DAYS

Do you offer? **4** Yes **8 X** No **(1 did not answer)**

If yes, # days per year: **2.5**

HOLIDAYS

Check each day your organization observes as a paid holiday:

13 X	New Year's Day	6	Veterans Day
11 X	Martin Luther King Day	13 X	Thanksgiving Day
4	Presidents' Day	10 X	Day after Thanksgiving
12 X	Memorial Day	7	Christmas Eve
13 X	Independence Day	13 X	Christmas Day
13 X	Labor Day	5	Day after Christmas
0	Columbus Day	1	Employees' Birthday
6	Other Day: Good Friday (5), Maryland Day		

Do you offer floating holidays? **6 X** Yes **7** No (If yes, number of days per year: **1; 2 per year for administrative staff employees and 4 per year for F & R Line and Dispatch employees**)

Number of paid holidays per year: **10.3** **10 for administrative staff** (include both observed and floating)

SICK LEAVE

Number of sick hours accrued per year:

Admin/Professional: hours/wk	Firefighter:	Dispatcher:	Other: Police/Executive;
97.22 90	198.67 134.4	97.72 100.8	40 108 96

Maximum carry-over from year to year: **varies from 7 days to unlimited (6 answered unlimited)
18 weeks**

Is annual conversion to pay allowed? **2 Yes 7 X No (4 did not answer)**

If yes, how much? **80-112 hours fire; 16 hours if none used**

Is there cash payment for accrued/unused sick leave upon retirement?

6 X Yes 4 No (3 did not answer)

If yes, how much? **varies from \$10/day to 100%; employees with at least 5 years of service
receive 1% per year of service up to a maximum of 25%**

Is there cash payment for accrued/unused sick leave upon separation from employment other than
retirement? **3 X Yes 7 No (3 did not answer)**

If yes, how much? **75% employees with at least 5 years of service receive 1% per year of
service up to a maximum of 25%**

INCOME PROTECTION PLANS

Do you provide employer paid short term disability? **4 X Yes 9 No**

If yes, what % of pay? **61.7% 66 2/3%**

Do you provide employer paid long term disability? **9 X Yes 4 No**

If yes, what % of pay? **76.3 % 65%**

TUITION REIMBURSEMENT

Do you offer Tuition Reimbursement? **11 X Yes 2 No**

What is amount (\$) or percent (%) that will be reimbursed?

Undergraduate (\$/%): **\$925 (4 respond.) - 94% (7 respond). 2 did not answer;
up to 100%**

Graduate (\$/%): **\$1,050 (4 respond.) - 94% (7 respond). 2 did not answer; up to 100%**

Assistance for fees (\$/%): **93% (4 respondents); up to 100%**

Assistance for books (\$/%): **80% (5 respondents); None**

Must course/degree program be job related? **8 X Yes 3 No (2 did not answer)**

What is the maximum reimbursement per year? **\$3,000**
\$1,791.66 (5 respondent)
12 hours credit (1 respondent)
10 courses (1 respondent)
5 did not answer

Are employees required to continue working for required period of time following reimbursement? Describe:
Yes, or must pay back (7 respondents)
Yes. If employee terminates within one year of reimbursement, he/she must repay a pro-rated portion of the original reimbursement.
No (4 respondents)
2 did not answer

RETIREMENT PLAN

Please answer the questions below if you offer a defined benefit plan to part or all of your employee population.

Defined Benefit Plan

of employees covered by plan: **1,256.8 121** % of total population: **90.86% 49%**
Normal retirement age: **61.8 (varies) 55 with at least 5 years service or any age with 25 years service**
% base compensation contributed by Employer: **9.2% 10.3%**
% base compensation contributed by Employee: **5.2% 6.5%**

Defined Contribution Plan (i.e. 401k, 401a) with Employer Match

(4 cities responded)

of employees covered by plan: **263 126** % of Total Population: **90% 51%**
Normal retirement age: **61.8 years 55**

Base employer contribution % (requires no contribution by employee): **7.5% (1 respondent) 5**
Describe matching formula: **4 cities responded**

(1.) matches 50% up to \$900/year; (2.) Er 1%-Er 2%; (3.) 3% Er- Er 3% (2 cities)
First 3% matched at 100%; next 3% matched at 50% - maximum total employer contribution is 9.5% if employee contributes 6%

Maximum % of employee contributions eligible for employer match: **2.33% 6**

Defined Contribution Plan without Employer Match

(2 cities responded)

of employees covered by plan: **913 (total for both); 247**
% of Total Population: **46.2% 100%**
Normal retirement age: **62 years 55**

Describe type of plan(s) offered: **401K & 457; Both a 457 and 401k are available to all employees**

ADDITIONAL BENEFITS:

Do Department Heads receive benefits not available to other employees? **9 X Yes 4 No**

If yes, please describe:

7 respondents offer car & car allowance

1 offers Executive vacation accrual.

1 respondent offers 5 executive days leave for professional development and a yearly physical exam

New department heads begin accruing at 5 year service level and receive advance of 1st year benefit

Are supplemental insurance benefits available on a payroll-deduction basis: **10 Yes 2 X No (1 did not answer)**

If yes, please describe: **Life, cancer, accident, hospital, vision, short-term disability, legal, flexible spending account, etc.**

Are other employer-paid benefits provided to employees? **5 X Yes 5 No (3 did not answer)**

If yes, please describe: **Uniforms, Rx and vision insurance, EAP program, funeral leave, Sun Life Insurance policy for \$4,000-\$12,000**

One-time career benefit of \$500 for Financial or Estate Planning services; annual HRA contribution of \$500 per employee; annual \$200 preventive care medical reimbursement and \$100 (per covered individual) preventive care dental reimbursement; Dental Plus (optional supplemental plan offering higher reimbursement than standard plan); MoneyPlu\$ (flexible spending accounts); VantageCare Retirement Health Savings Plan (plan offering support for payment of retiree medical expenses via employer contributions (based on value of annually forfeited sick leave) and employee elective contributions; interest free computer loans; commuting toll reimbursement, certification/degree bonus program, and employee referral bonus program.

Thank you for your participation. A summary of this information will also be provided to respondents along with the salary survey summary.

ADDITIONAL COMPENSATION QUESTIONS

Types of Compensation

Do employees receive longevity pay? **8** Yes **12 X** No **1 – No Answer**

If yes, please describe the criteria, pay formula, and positions authorized:

Pay increase at 7, 12, 15 years; merit increase year after 15 years; Fire after 5, 10, 15, 20, 25 years; Teachers get increase each year; Bonus after 15 years; % of salary 2% through 5.75% 8-20 years service; 5% step increase for 20 years service.

Do you offer Cost of Living increases? **12** Yes **7 X** No **2 – No Answer**

Do you offer Merit increases based on job performance? **16 X** Yes **3** No **2 – No Answer**

If yes, please describe the positions authorized: **All positions; 1 dependent on yearly evaluation. All regular positions**

Housing Support in High Cost Areas

If housing costs are high in your jurisdiction, do you offer employees a stipend or subsidy (i.e. fixed \$ amount per month) to make it more feasible to live in there?

1 Yes **19 X** No **1 – No Answer**

If yes, please describe the criteria, the stipend/subsidy amount, and positions authorized:

\$200 month for full-time regular / \$250 month no police, water, emergency responders

Do you provide assistance with costs associated with home purchase?

1 Yes **18 X** No **2 – No Answer**

If yes, which of the following do you provide?

Pay “points” on mortgage loan to reduce interest on new home

Pay closing costs on new residence. Maximum payment _____

Provide down payment assistance. If yes, what type of assistance is available?

Interest free loan. Maximum amount and term: **\$70,000**

Interest free loan with amount forgiven over time. Maximum amount and schedule: _____

Cash given to employee. Amount: _____

Other, please explain: _____

If an employee who received assistance terminates within a specified period, are they required to repay the amount issued?

Yes, must repay in full if he/she terminates within negotiated months of employment date

Yes, must repay on a pro-rated basis (_____ % for each year less than _____ years of service)

No

Is there a specified geographic area in which employees must purchase to qualify for down payment assistance (e.g. within a specified radius of office)?

Yes, within 10 mile radius of office
 No

Do you provide rental assistance (i.e. reimburse security deposit)?

0 Yes **16** **X** No **5** – **No Answer**

If yes, please describe the type of rental assistance provided:

Please describe any other assistance provided to encourage employees to live in your jurisdiction:

City pays basic water/sewage in city limits; certain new developments must provide a percentage of new dwellings at lower cost in an effort to provide affordable housing; Incentives of \$3,000 plus up to \$1,000 moving expenses for hard-to-fill teaching positions (math, science, special education).

ATTACHMENT B

MEMORANDUM

TO: Stephen G. Riley, AICP, Town Manager
FROM: Nancy H. Gasen, SPHR, HR Director
DATE: May 9, 2007
SUBJECT: Classification & Compensation Study Implementation

Recommendation

Staff recommends that Town Council approve implementation of the Classification & Compensation Study recommendations described in the report prepared by the Town's consultant Condrey & Associates, Inc. and more specifically outlined in attached documentation prepared by Staff.

Summary

Through a Classification & Compensation Study recently completed by Condrey & Associates, Inc., it has been determined that the Town's compensation program requires modification to remain internally equitable and externally competitive. Without such modification to attract and retain highly qualified employees, we will likely experience increased turnover, negatively impacting achievement of Town goals. Proposed changes in program design and funding are described in Attachments A and B and have been incorporated into the Town's salary and benefit budget recommendations for FY08.

Background

Funds were budgeted during FY07 to conduct a Classification & Compensation Study including all Town positions. Such studies are the primary means by which organizations maintain internal pay equity relationships and external competitiveness. Although the Town has contracted for such studies in the past, a comprehensive study had not been conducted since FY01. Condrey & Associates, Inc was selected to perform the current study initiated in September, 2006.

The study encompassed the following critical steps: (1) employee meetings to introduce the study process, (2) completion of a position questionnaire by each employee, (3) on-site and telephone interviews to clarify position responsibilities, (4) evaluation of positions using a point factor system to determine salary grade, (5) implementation of an external compensation and benefit survey of public and private sector employers, (6) design of a new salary range structure, (7) development of alternative implementation strategies to move employees to the new range structure, and (8) review of key policies necessary to support program modification.

Following a review of Condrey's report, staff recommends that the proposed position grades and Plan B salary range structure be implemented. We believe implementation of these recommendations will help to ensure that salary ranges for Town positions are appropriate based on internal comparison and competitive relative to other employers. Condrey has targeted Town pay ranges to be somewhat higher than the average ranges of comparable surveyed employers to ensure that the high cost of living and working on Hilton Head Island and in the immediate area have been addressed.

Funds have been proposed in FY08 to support pay increases for current employees consistent with general study recommendations. Staff recommends that these increases be implemented in July using pre-determined guidelines for transferring employees from the Town's current salary range structure to the newly proposed structure (Attachment A).

In terms of the FY08 budget impact, we anticipate that the proposed study implementation approach will result in a salary budget increase of 5.00% or approximately \$620,000. Consistent with proposed compensation study salary increases, certain components of the employee benefits budget (i.e. FICA, retirement, life insurance, disability, Workers' Compensation) are also projected to increase by a total of approximately \$150,000.

Considering the higher cost of living and greater commuting challenges we must overcome relative to our competition, the recommended FY08 study increases will help the Town's employee retention efforts. However, in light of the cost of living data obtained through the study process (Attachment B), we believe that the proposed FY08 implementation strategy will only partially address the level of increase necessary to remain competitive over the next five-year period.

The FY08 proposed budget will position the average salaries of Town employees in surveyed positions approximately 3% above market average pay for those same positions. Considering the area's cost of living impact, we believe a target of 5% over the survey market is more realistic. Therefore, we plan to recommend an additional 2.00% base pay increase during the FY09 budget process to achieve that target. The total cost of this multi-year implementation strategy is consistent with one of the proposals recommended by our consultant. Such a multi-year implementation approach is also more realistic when considering current financial constraints.

We believe that the proposed FY08 study increase, in combination with a lesser increase to be proposed for FY09, will be critical in attracting and retaining high quality staff to ensure the continuing achievement of Town Council's goals.

Attachment A - Recommended Implementation Strategy

Increase Guidelines

Range Minimum Increase: Increase given to those employees whose current base pay is lower than the new range minimum proposed for their current position

Reclassification Increase: Increase given to those employees with proposed grade increases due to internal comparison, external market data or a combination of factors:

- One grade increase – 4% of base pay (Equivalent to normal reclassification increase)
- Two grade increase – 6% of base pay (Equivalent to normal reclassification increase)

Market Adjustment: Increase given to all employees to ensure base pay remains competitive with survey market and to partially recognize area's higher cost of living/housing compared to national and regional survey data:

- Increase equal to 3.50% of base pay (Represents increase required to position overall average pay of Town benchmark positions approximately 3.00% above market weighted average pay for same positions)

Additional Paramedic Premium: Incremental cost to increase paramedic premium from 8.5% to 10% of base pay for eligible employees

New HazMat Premium: Cost to pay new HazMat premium of 2.5% of base pay to eligible employees

Projected Increase Cost (Using base salaries as of 3/07)

Range Minimum Increase	Reclassification Increase	Market Adjustment	Additional Paramedic Premium	New HazMat Premium	Total Implementation Cost
\$58,650	\$73,162	\$438,738	\$31,089	\$17,817	\$619,456 5.00%

Attachment B: Area Cost of Living Information

Median Home Prices – Data from U.S. Census Bureau

Location	Median Price
South	\$191,000
U.S.	\$231,000

Average Home Prices – Data from Move.com (5/7/07)

Location	Average Price
Hilton Head Island (29928 zip)	\$400,000
Hilton Head Island (29926 zip)	\$385,000
Bluffton (29910 zip)	\$190,000
Okatie (29909 zip)	\$249,000

Apartments – Unfurnished 2 bedroom/2 bath

Location	Fair Market Rent*
SC	\$615/month
Beaufort County	\$803/month
Location	Average Rent**
Hilton Head Island	\$1137.50/month
Bluffton	\$935.00/month

* Based on figures from the HUD

**Snapshot of available apartments for rent on 3/20/07
(www.apartments.com)

Homeowners Insurance Average Annual Premiums

Location	Homeowners
National	\$729*
SC	\$768*
Georgia	\$636*
Florida	\$929*
Hilton Head Island	\$2600 - \$3500**

*Insurance Information Institute website

** Coastal Plains Insurance estimate for \$390,000 home

Grocery Costs as Compared to Hilton Head Island

(Data from CNN Money Cost of Living Calculator)

Location	Cost
Charleston/North Charleston	11.578% less
Columbia, SC	17.667% less
Savannah, GA	18.268% less
Charlotte, NC	15.266% less
Raleigh, NC	16.038% less
Cleveland, OH	8.405% less
Tampa, FL	14.666% less
Punta Gorda, FL	17.496% less
Pensacola, FL	15.266% less
Jacksonville, FL	15.78% less
Fort Walton Beach, FL	15.523% less

Cost of Living Index for Hilton Head Island Compared to Columbia, SC and National -

(Data from American Chamber of Commerce Research Association)

Index	Hilton Head Island	Columbia, SC	National Average
Composite (100%)	106.0	93.5	100.0
Grocery (13%)	107.3	96.7	100.0
Housing (28%)	107.0	84.7	100.0
Utilities (10%)	87.8	100.2	100.0
Transportation (10%)	102.3	90.6	100.0
Health (4%)	114.1	108.3	100.0
Miscellaneous (35%)	96.7	110.0	100.0

ATTACHMENT C

PROJECTED 2011 NATIONAL SALARY INCREASE BUDGETS As of 5/9/11

PROJECTED 2011 NATIONAL SALARY INCREASE BUDGETS (Including organizations giving “0” increases; excluding promotion and other miscellaneous increases)

<u>Data Source</u>	<u>2010 Actual</u>	<u>2011 Projected</u>
WorldatWork (Public Sector Only)	1.3%	1.6%
WorldatWork (All Employees)	2.5%	2.9%
Towers Watson	2.7%	3.0%
Aon Hewitt	2.4%	2.8%
William Mercer	2.7%	2.9%
Hay Group	2.4%	2.8%
Buck	2.5%	2.8%
Conference Board	2.5%	3.0%
BNA		2.0%
Federal Civilian Employees		0% (1/1/11 – start of 2 year freeze)
Town of Hilton Head Island Recommendation	1.0%	1.0%

2009-2011 NATIONAL SALARY INCREASE BUDGET SUMMARY

<u>Total Inc Budget</u>					<u>Salary Range Movement</u>				
<u>All Industries</u>	2009	2010	2011	Total	<u>All Industries</u>	2009	2010	2011	Total
National	2.6	2.5	3	8.1	National	1.8	1.3	2	5.1
Eastern US	2.7	2.5	3	8.2	Eastern US	1.9	1.3	2.1	5.3
Southern US	2.4	2.6	3.3	8.3	Southern US	1.8	1.3	1.9	5
<u>Public Sector</u>	2009	2010	2011	Total	<u>Public Sector</u>	2009	2010	2011	Total
National	3	1	1.3	5.3	National	2.5	1.6	1.1	5.2
Eastern US	2.1	0.7	0	3.8	Eastern US	*	1.8	1.3	3.1
Southern US	1.9	0.7	1.3	3.9	Southern US	1.6	0	0.3	1.9
<u>Town</u>	2009	2010	2011	Total	<u>Town</u>	2009	2010	2011	Total
	0	1	1 (rec)	2		0	0	0.5 (rec)	0.5

* Insufficient sample size.

Govt/Utility	Merit	Cola	Total	Bonus	Comments
	Up to		Up to		
Goose Creek	5%	0.00%	5%	0	Employees eligible for up to 5% merit
Palmetto Electric	4.00%	0.00%	4.00%	0	Merit awards for 2010 were 4.2% of payroll; budgeted 4% for this year
Edisto Beach	0.00%	4.00%	4.00%	0	Given to all employees with satisfactory evaluations
Turbeeville	3 - 5%	0.00%	3 - 5 %	0	Allocate based on employee performance evaluation
Mt. Pleasant	3.00%	0.00%	3.00%	0	Applied to base for all employees who score satisfactory and above (90%)
BJSWA	2.00%	1.00%	3.00%	0	Gave a 3% COLA in 2010
Seneca	0.00%	3.00%	3.00%	0	1st since 2008
Myrtle Beach	1 - 3%	0.00%	1 -3%	0	3% maximum
Mauldin	2.50%	0.00%	2.50%	0	Proposed as base pay increase to be paid on anniversary date
Greenville	0.00%	2.50%	2.50%	0	Awaiting Council approval
Pendleton	0.00%	2.50%	2.50%	0	Effective 7/1/11
Woodruff	0.00%	2.00%	2.00%	0	If COLA is not approved, will try for a 1% bonus
Florence	0.00%	2.00%	2.00%	0	
Columbia	2.00%	0.00%	2.00%	0	Awaiting Council approval
Edgefield	0.00%	2.00%	2.00%	0	
Savannah	0.00%	2.00%	2.00%	0	Given in January 2011 - Savannah runs on a calendar year
Aiken	0.00%	1.00%	1.00%	0	Awaiting Council approval
Central	0.00%	0.00%	0.00%	0	
Bluffton	0.00%	0.00%	0.00%	up to \$1500	Budgeted \$43,000 for discretionary bonuses to employees below director level
Beaufort	0.00%	0.00%	0.00%	0	Gave 4% inc. to all emps. in 2010. Will reduce emp health premiums 7/1/11.
Spartanburg	0.00%	0.00%	0.00%	0	Did not give increase in 2010 either
Port Royal	0.00%	0.00%	0.00%	0	Only increase will be longevity increase given to some employees
Charleston	0.00%	0.00%	0.00%	0	On calendar year budget - will try to do something in 2012
State of SC	0.00%	0.00%	0.00%	0	
Beaufort County	0.00%	0.00%	0.00%	0	Not confirmed, but probable
Pickens	0.00%	0.00%	0.00%	0	Restored 3.3% reduction taken last year.
North Augusta	0.00%	0.00%	0.00%	0	
Newberry	0.00%	0.00%	0.00%	0	
North Charleston	?	0.00%	?	0	Anticipate giving some level of performance-based increase