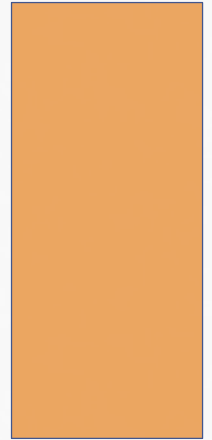


TOWN COUNCIL
WORKSHOP
FY19 BUDGET PROPOSAL
TOWN OF HILTON HEAD ISLAND



MAY 1, 2018

FOR STARTERS

- *Because the Town asked its citizens to pay more last year after Hurricane Matthew –*
- *this Budget was built making every attempt to leave the property tax rate the same.*

FOR STARTERS . . .

- *This proposed budget **does** leave property tax rates the same*
- *This proposed budget **does** leave stormwater rates the same*

*This budget does continue the special assessment of 5 mils to fund the disaster reserve replacement bonds
– this is the second of 5 years expected to be needed to repay the bonds*

PROPOSED MILLAGE RATE COMPARISON

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Change</u>
General Fund	16.38	16.38	0.0%
Debt Service Fund	6.14	6.14	0.0%
Capital Projects Fund	<u>0.84</u>	<u>0.84</u>	<u>0.0%</u>
Subtotal	23.36	23.36	0.0%
Disaster Reserve Replacement	<u>5.00</u>	<u>5.00</u>	<u>2nd of 5 yrs</u>
Total	28.36	28.36	0.0%

Here are the details of the tax rate breakdown.

COUNTY REAPPRAISAL PROCESS

- The County is performing the reappraisal process this year.
- Our proposed budget approach was based on current assessments – BEFORE reappraisal adjustments, and
- the Tax Rate BEFORE the reappraisal roll-back.

*Once the County process is ready,
we will adjust for reappraisal in a revenue-neutral manner.*

PROPOSED BUDGET BY FUND

General Fund	\$ 40,257,829
Debt Service Fund	24,200,000
Capital Projects Fund	10,122,000
Stormwater Fund	<u>5,311,000</u>
Total	<u>\$ 79,890,829</u>

This proposed Budget provides for the operations, debt payments and capital expenditures for FY 2019

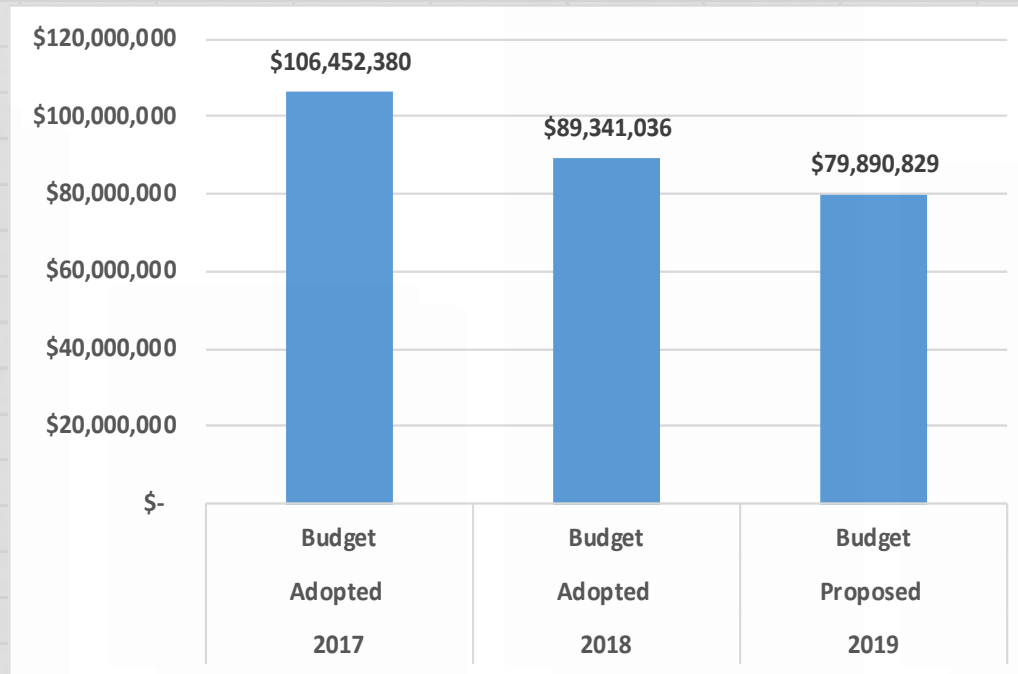
THE PROPOSED BUDGET IS LESS THAN LAST YEAR

		2019 Proposed Budget	2018 Adopted Budget	Increase (Decrease) in \$	Increase (Decrease) in %
General Fund	(A)	\$ 40,257,829	\$ 40,319,036	\$ (61,207)	-0.2%
Debt Service Fund	(B)	24,200,000	24,200,000	-	0.0%
Capital Projects Fund	(C)	10,122,000	16,924,000	(6,802,000)	-40.2%
Stormwater Fund		5,311,000	7,898,000	(2,587,000)	-32.8%
Total		\$ 79,890,829	\$ 89,341,036	\$ (9,450,207)	-10.6%

In this Budget, we worked with three main themes:

- A. Limit on-going Operating Costs*
- B. Provide for commitments already made*
- C. Work within available funds*

THE PROPOSED BUDGET IS AGAIN LESS THAN LAST YEAR -



The focus has been on a sustainable budget level.

GENERAL FUND OVERVIEW

	2019 Proposed Budget	2018 Adopted Budget	Increase in \$
General Government	\$ 1,764,065	\$ 2,596,006	\$ (831,941)
Management Services	5,880,217	5,504,764	375,453
Community Development	3,315,526	3,136,693	178,833
PP&F	5,736,966	5,724,759	12,207
Fire Rescue	15,316,901	14,808,142	508,759
Sheriff/Shore Beach Services	3,895,874	3,728,316	167,558
Townwide Total	4,348,280	4,820,356	(472,076)
<hr/>			
Total	\$ 40,257,829	\$ 40,319,036	\$ (61,207)

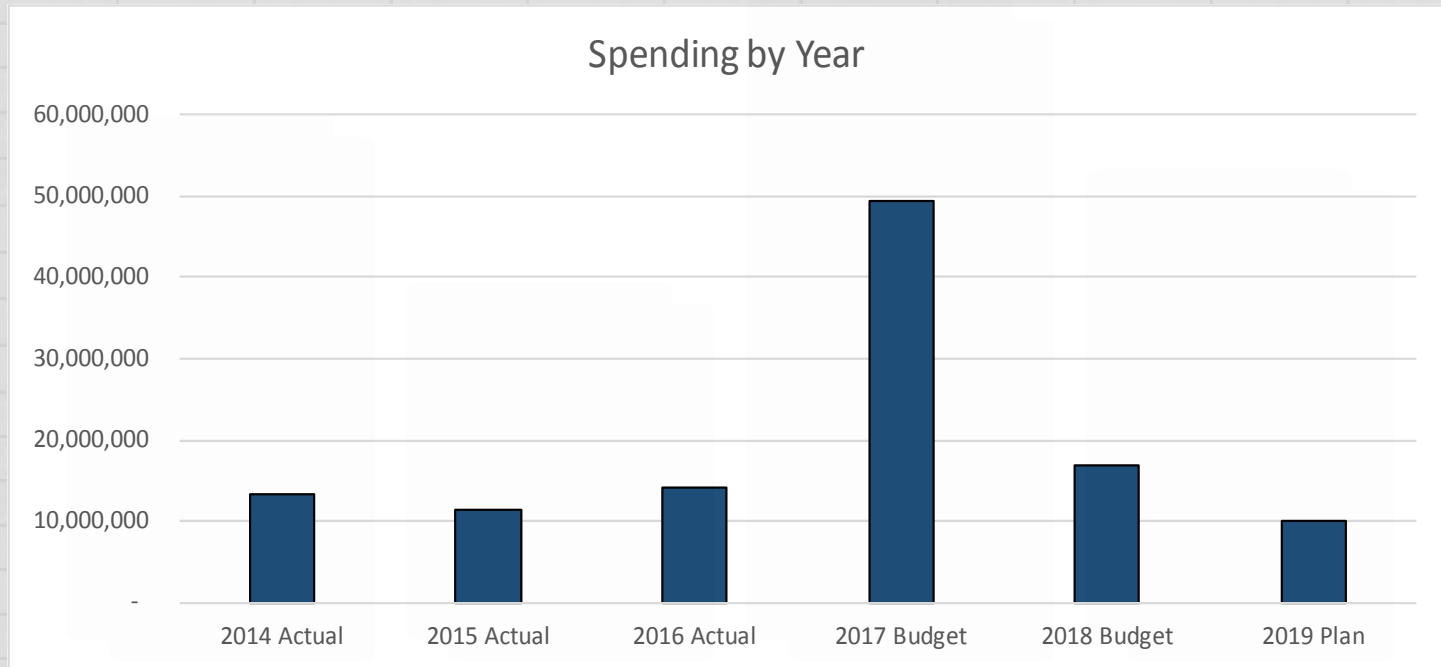
1. *The new budget keeps current operations going --*
2. *carries forward Town Council Initiatives unspent in FY18 to FY19 --*
3. *Townwide has less Capital outlay than last year*

A FLURRY OF DEBT ACTIVITY IN FY18 --

Type of Bond	Purpose	Amount
TIF	USCB, Coligny area and others	\$ 28,530,000
Beach Fee	Beach Renourishment	\$ 30,070,000
GO	Rec Center and others	\$ 27,310,000
GO Reserves	Reserve Replacement	\$ 18,000,000
Stormwater	Stormwater Projects	\$ 3,200,000
	FY 2018 total debt issued	\$107,110,000

This total does not include the temporary disaster response BAN issued for \$20 million

CAPITAL PLAN BY YEAR



1. 2017 – an aggressive year BEFORE Hurricane Matthew
2. 2018 – focus on funding and finishing current projects
3. 2019 – keeping sewer and dirt road initiatives proceeding

DEBT SERVICE FUND SUMMARY

	FY 2019 Proposed
Revenues	5,465,874
Transfers In	17,618,901
Prior Year Funds	<u>1,115,225</u>
Total Resources	24,200,000
Principal	17,530,000
Interest and Cost of Issue	<u>6,670,000</u>
Total Expenditures	24,200,000

*Debt Service provides the method to pay the Town's debt payments
Transfers In represents revenues to provide for Revenue Bonds
Debt Service Fund does not include Stormwater bonds payments*

DEBT RATINGS

- Moody's Investor Service Aaa
 - Standard and Poor's AA+
 - Fitch Investor Service AA+
- Each time the Town goes to the bond market, the bond raters review the Town's finances and operations
 - The high bond ratings provide access to the bond markets at favorable interest rates and when it is needed as Hurricane Matthew proved

*The Town has a long history of responsible Debt Management.
One of the indicators for this is our bond ratings.*

CAPITAL IMPROVEMENTS PROJECTS

<u>Project</u>	<u>Amounts</u>
Sewer Projects (Next Segment)	\$ 3,220,000
South Forest, Nassau, Lagoon Rd. road improvements	1,475,000
Dirt Road and Paving Projects from Road Usage Fee	900,000
Pope Avenue Resurfacing	850,000
Beach Monitoring Project	500,000
Intersection improvements WH at Squire Pope	500,000
Parks, Pathways and Other	400,000
Cordillo area improvements	400,000
Emergency Equipment -- Fire Rescue	328,000
Emergency Operations Center study	150,000
Fire Hydrant Project	100,000
Town Hall update	100,000
Fuel Truck Shed	55,000
Other Capital Expenditures, Transfers and Cost of Issue	1,144,000
Proposed CIP Budget	<u>\$ 10,122,000</u>

These are the projects to be added to the projects in process

FUND BALANCES

- As you know, Fund Balances:
 - Are an important part of stable financial position of the Town
 - Provide a cushion for emergency events i.e. hurricanes
 - Provide a buffer for difficult economic times
 - Provide stability within a year for seasonal revenues
 - Demonstrate to the financial community and citizens fiscal restraint and conservatism

This budget proposes to increase the collective goal of the Town's historically strong reserves PLUS debt capacity --, to provide for at least another Hurricane Matthew recovery

BUDGET SCHEDULE

- May 1st --Proposed Budget First Reading
- May 15th --Affiliated Agencies -
Presentation of their requests
- May 22nd -- Budget Workshop -
Operations/CIP/SWU
- June 5th -- Budget Wrap Up
- June 12th -- Special Meeting -
Revised 1st Reading /Public Hearing
- June 19th - Regular Council Meeting and 2nd Reading

The effective date for the Budget -- July 1, 2018

COMMENTS OR QUESTIONS



Staff is available for comments and questions throughout the entire process