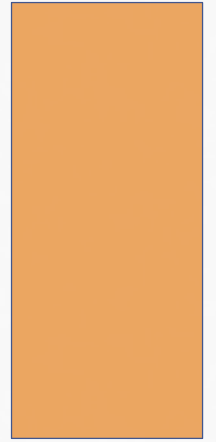
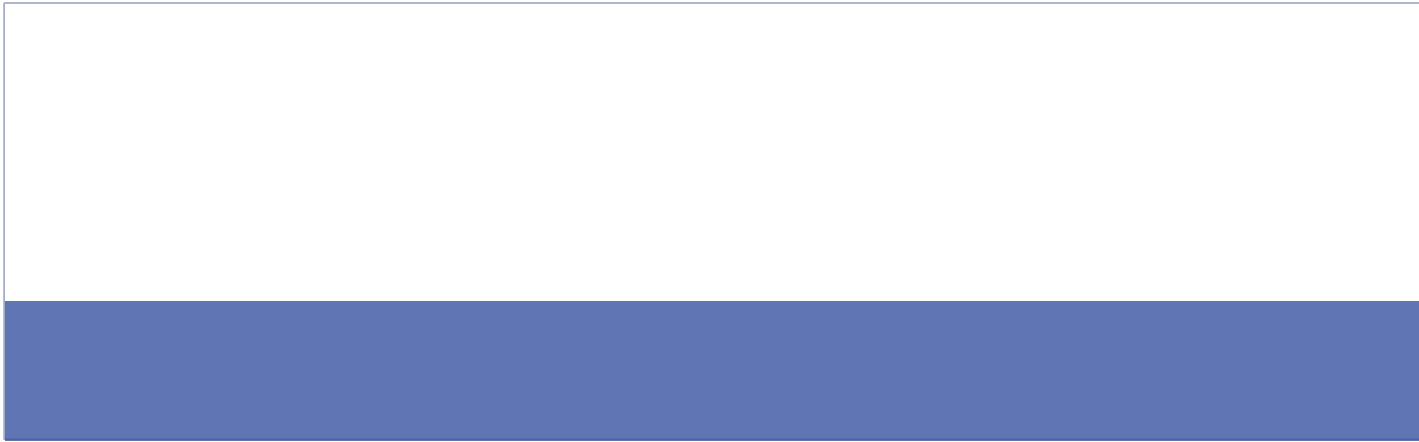




FINANCE AND ADMINISTRATIVE COMMITTEE

AUGUST 20, 2019



TOWN OF HILTON HEAD ISLAND

A FEW FACTS ABOUT OUR HURRICANE RESPONSES:

- *Hurricane responses have cost the Town more than \$55 million over the last three years*
- *The Town has collected over \$43 million in reimbursements, and has another \$1.2 million in the approval process.*

*Before Matthew was fully reimbursed, the Town responded to Hurricane Irma.
Before reimbursement for Irma, the Town responded to Florence*

THE TOWN HAS A HISTORY OF PREPARING EMERGENCIES

- *The Town was better able to respond to Hurricane Matthew because previous Town Councils:*
 - 1. Set aside reserves for an emergency
 - 2. Saved debt capacity for an emergency

For FEMA qualifying expenses, the Town has to front the spending and then request reimbursement

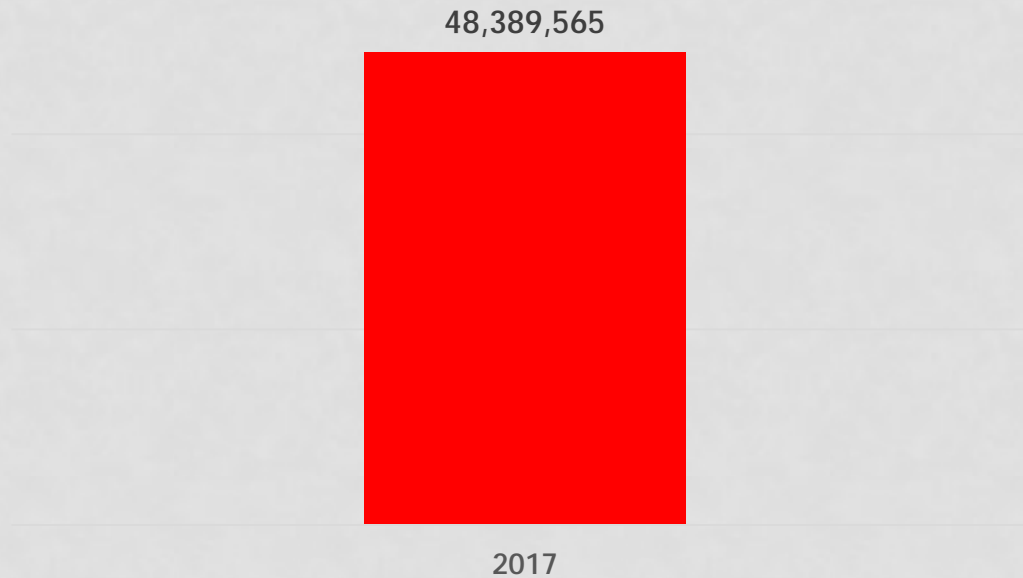
PRIOR TO MATTHEW:

Town Council had adopted policies for emergencies:

<u>Policy:</u>	<u>Amount:</u>
• Set aside 25 to 30% of Operating Expenditures of the General Fund budget	\$11.9 million
• Set aside Beach Fees	\$12.0 million
• Reduced debt capacity 20% below amounts allowed by state law	\$14.7 million

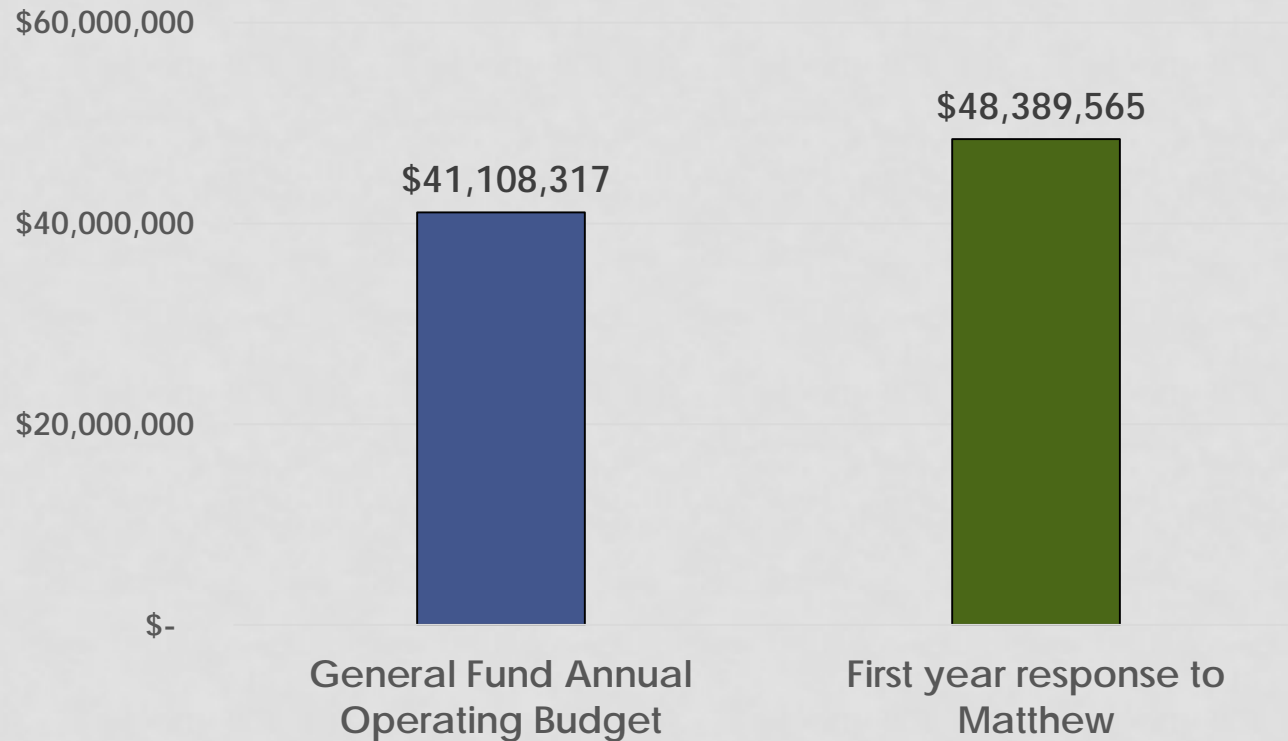
These actions provided \$38.6 million capacity for an emergency response.

DISASTER FUND ACTIVITY



The first year's response cost totaled \$48 million for Matthew

FIRST YEAR RESPONSE COST FOR MATTHEW



The Hurricane response cost was more than one year's General Fund operations

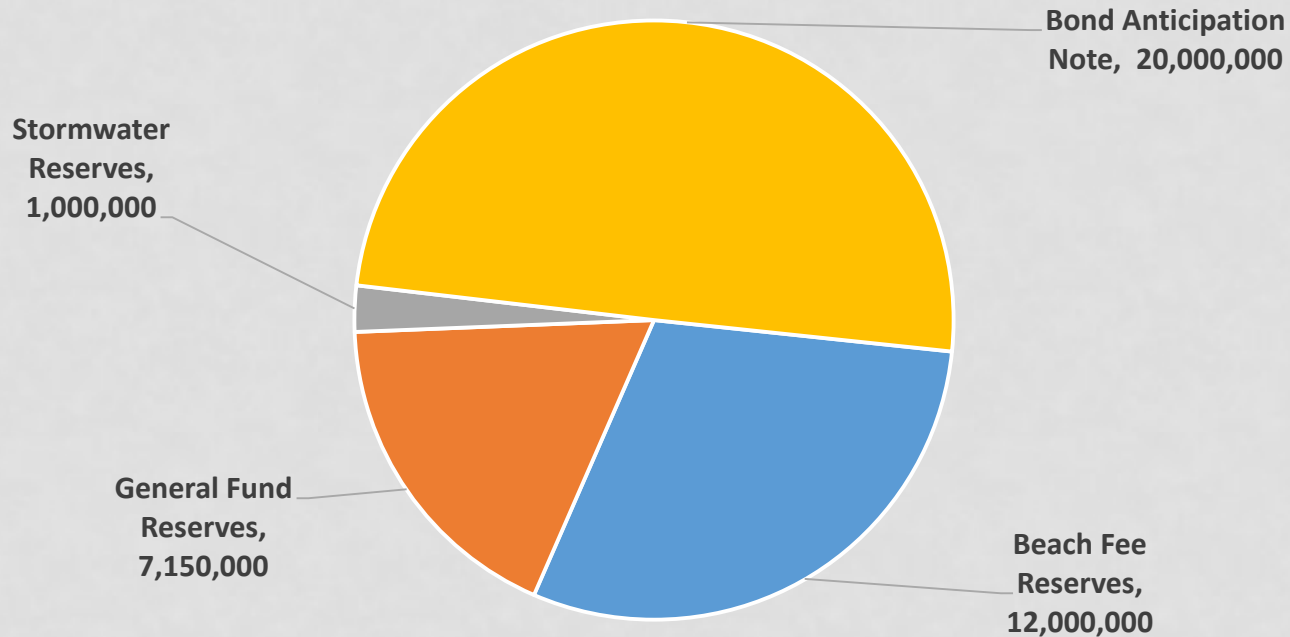
TOWN COUNCIL RESPONDED TO THE MATTHEW EMERGENCY BY:

- Town Council authorized:
 1. The use of \$20.1 million reserves for the disaster
 2. The sale of a \$20 million Bond Anticipation Note (one-year temporary financing method)

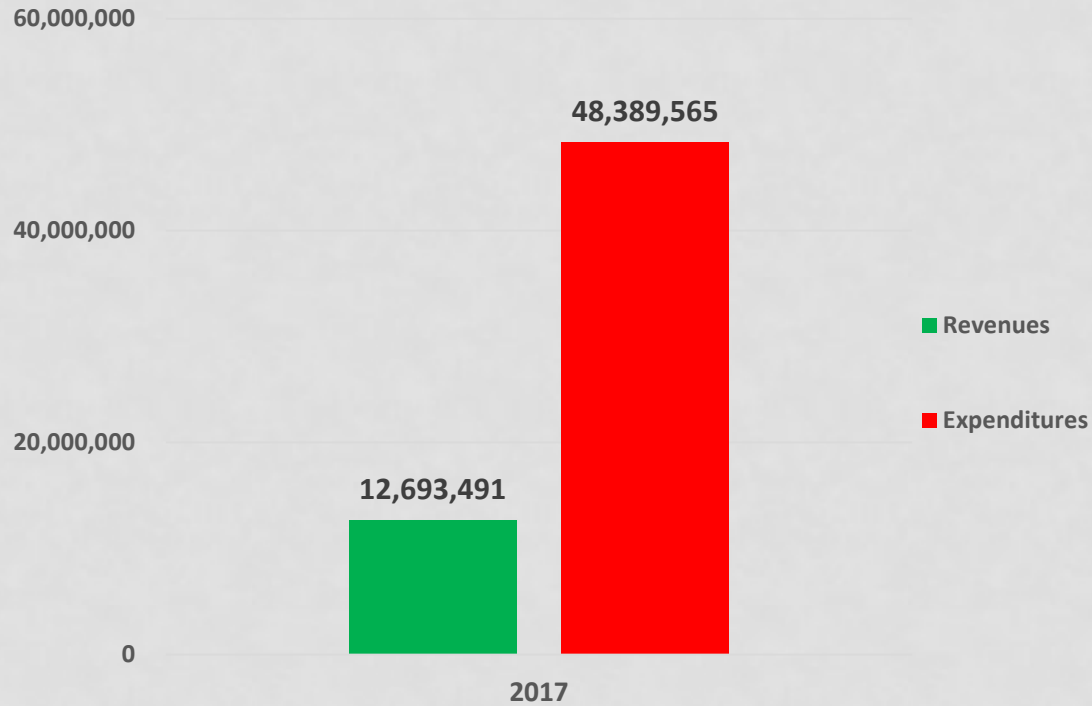
**These actions helped facilitate the Town's response – by providing cash flow for both immediate needs and the reimbursement process*

TOWN COUNCIL AUTHORIZED USE OF RESERVES FOR MATTHEW:

The initial \$40.15 million funds provided for the response were:

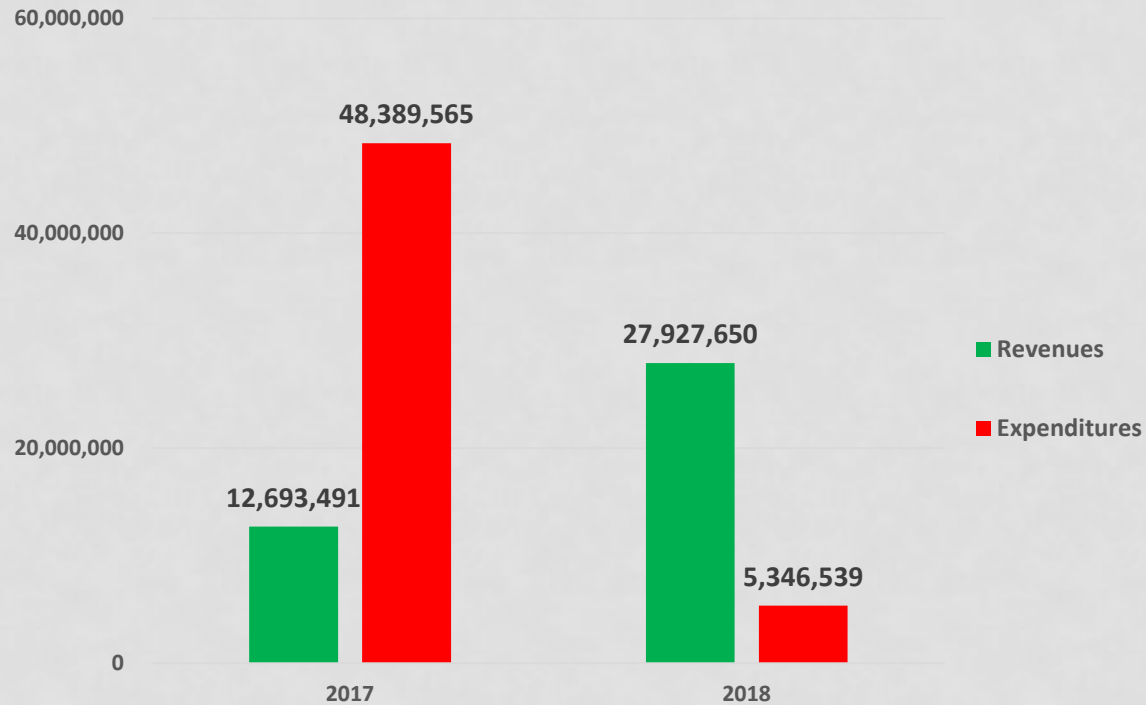


DISASTER FUND ACTIVITY



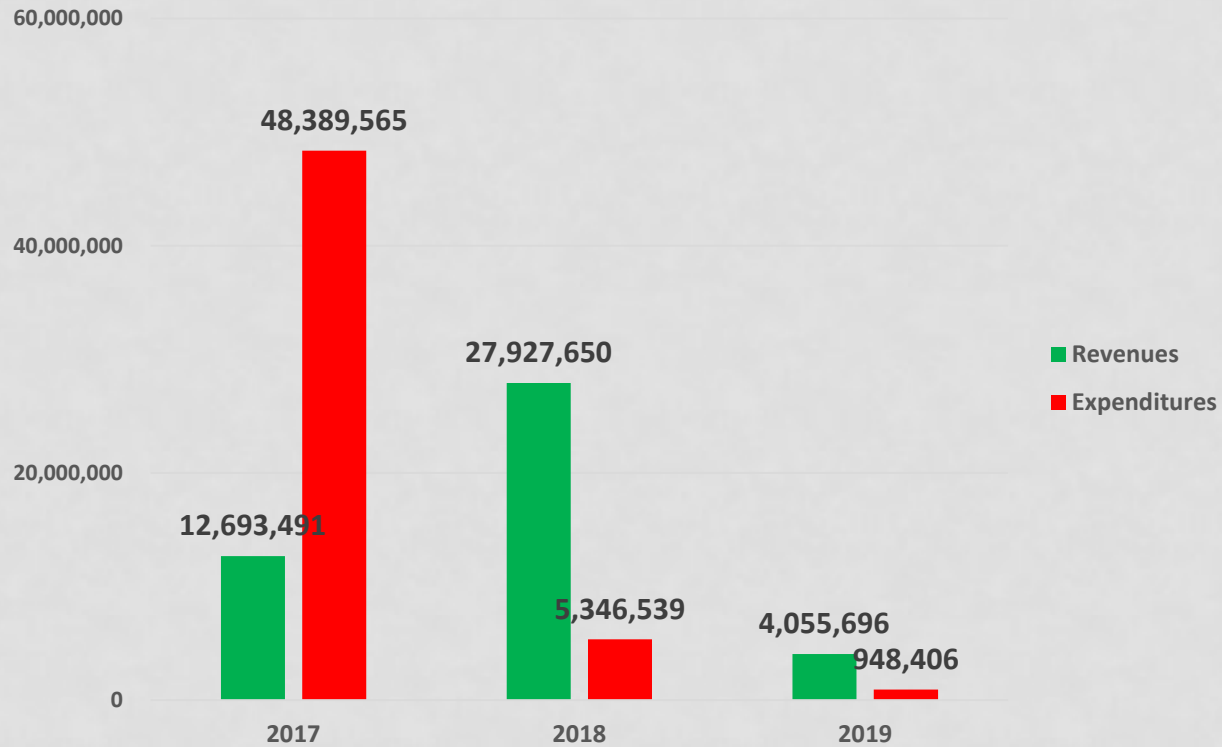
By working so closely with State and Federal officials, the Town received over \$12 million within the first year of Matthew

DISASTER FUND ACTIVITY



In the second year, more money came in than was spent

DISASTER FUND ACTIVITY



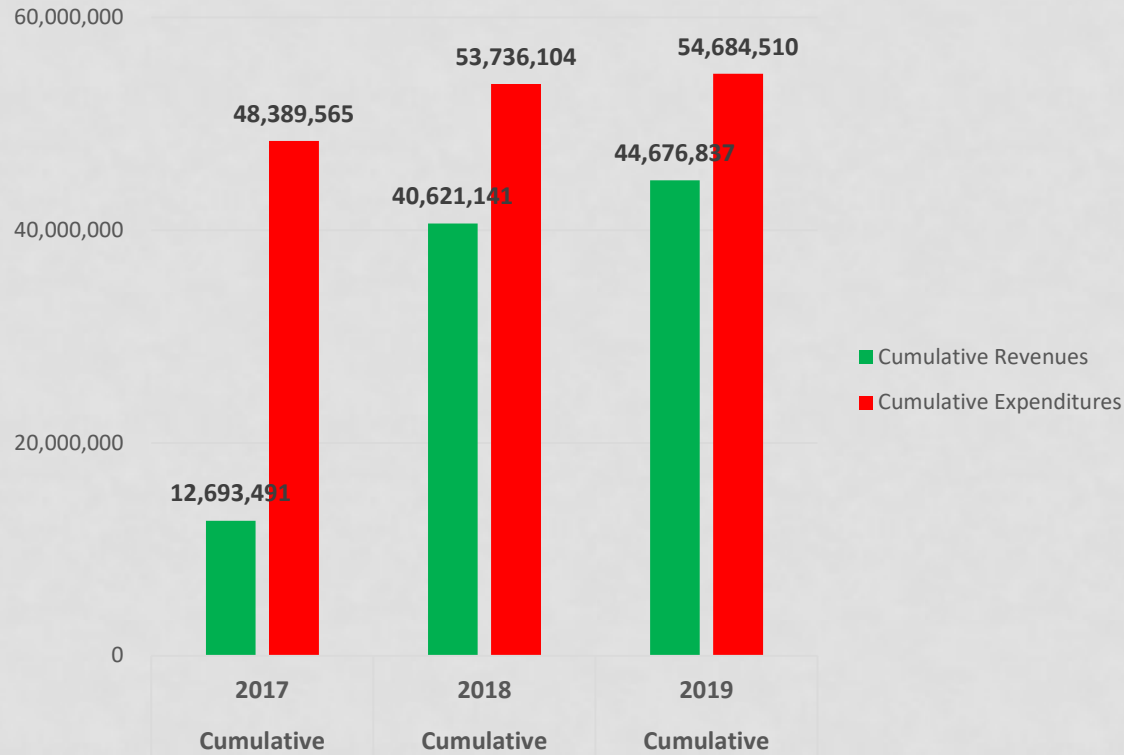
Year 3 had more receipts than spending

NET DISASTER FUND ACTIVITY BY YEAR



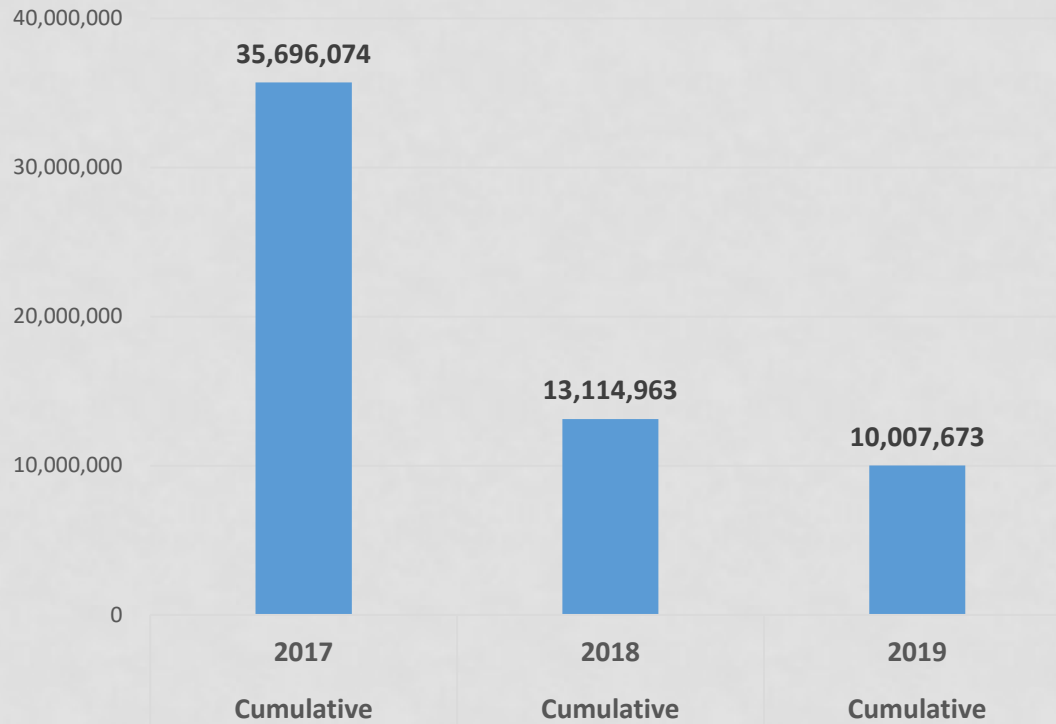
The Town continues to improve each year

CUMULATIVE DISASTER FUND ACTIVITY BY YEAR



Matthew, Irma and Florence activity

NET COST TO THE TOWN FOR DISASTERS



The Town has open claims for reimbursements of \$1,234,522

AFTER MATTHEW,

- to help prepare for the next storm, Town Council approved:
- An increase in the General Fund Reserves policy:
from a range of 25 – 30% of Budget
to a range of 35 - 40% of Budget
- With this year's budget of \$41,108,317 –
the old policy set aside a range from \$10.3 to \$12.3 million
the new policy set aside a range from \$14.4 to \$16.4 million

*These reserves not only help prepare the Town for response costs,
they also help provide resources to continue regular operations in the event of a natural
disaster or economic downturn*

AFTER MATTHEW,

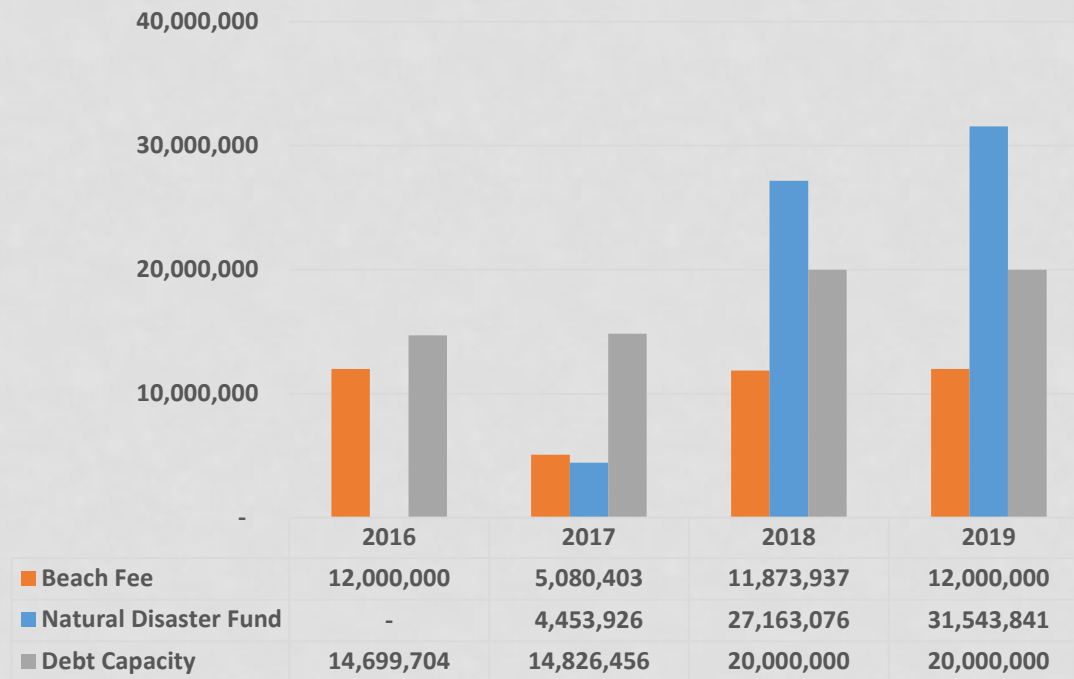
- To help prepare for the next storm, Town Council approved:
- An increase in the Debt Capacity set aside from the amount of debt allowed by State law:
 - from: 20% of the debt allowed
 - to: the GREATER of \$20 million or 20% of the debt allowed
- For this year:
 - the old policy set aside \$15.0 million
 - the new policy set aside \$20.0 million

The \$20 million minimum was used since this was the amount temporarily needed for Matthew

AFTER MATTHEW,

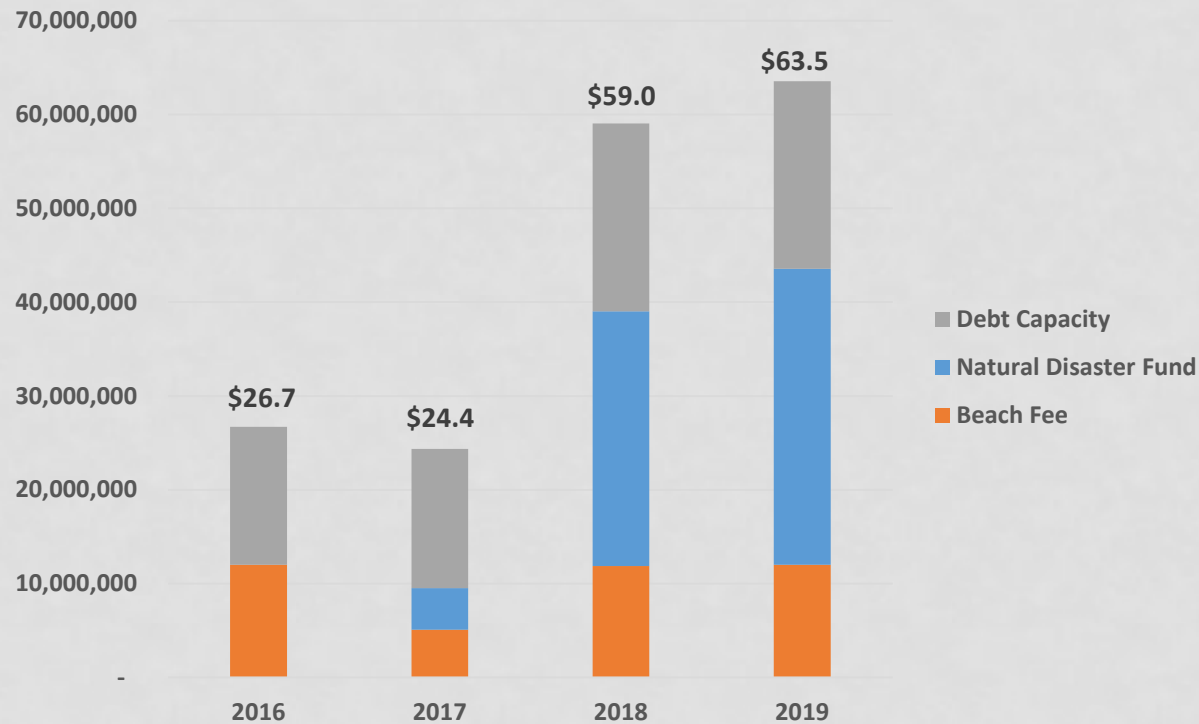
- To help prepare for the next storm, Town Council approved:
- The issuance of \$18 million in Disaster Recovery Bonds:
 - to have additional funds on hand before the next storm
 - while waiting for Matthew-related reimbursements
 - funded by 5 mils for 5 years
- This fiscal year (FY 2020) is the third of five years

WHAT FUNDS ARE AVAILABLE FOR THE NEXT DISASTER?



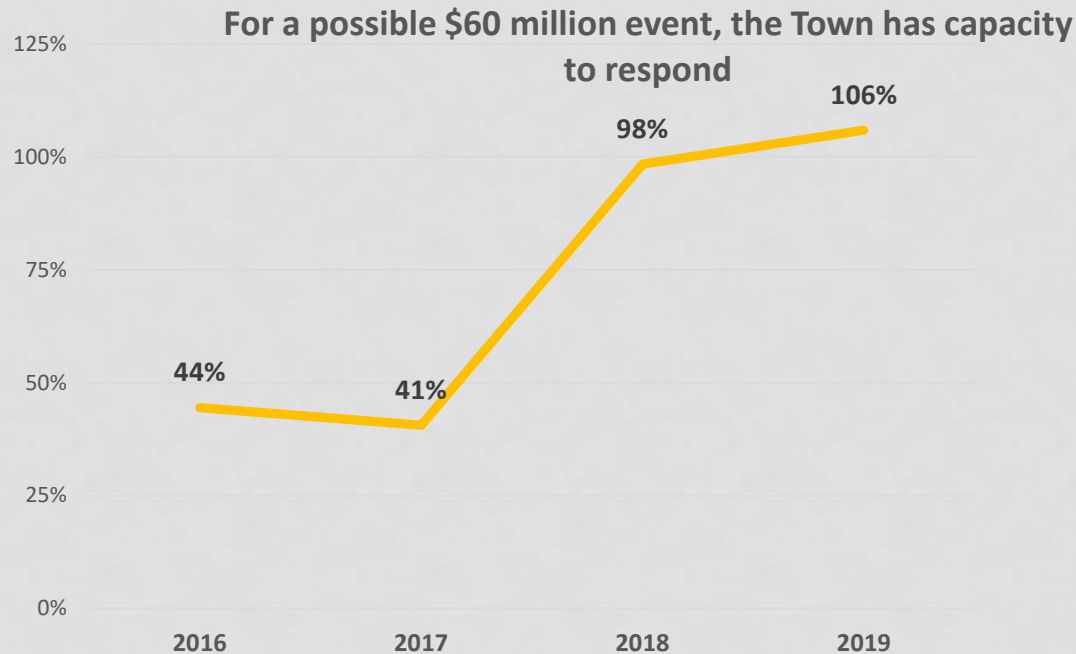
The Beach Fee, Disaster Fund and Debt Capacity all contribute to the Town's readiness for another disaster

HOW ARE OUR DISASTER FUNDS RECOVERING FOR THE NEXT DISASTER?



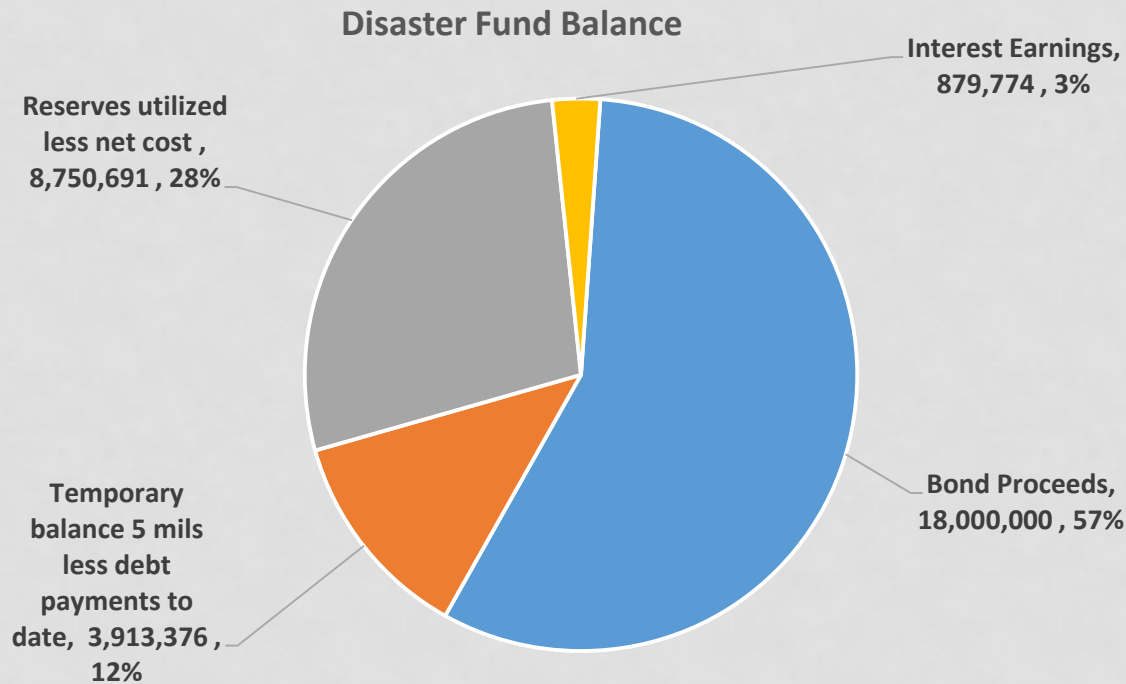
With Matthew, the Town established the Natural Disasters Fund to capture the cost of response, and to house the disaster funds for the next storm

HOW DO THOSE RESERVES COMPARE TO A MATTHEW-SIZED RESPONSE?



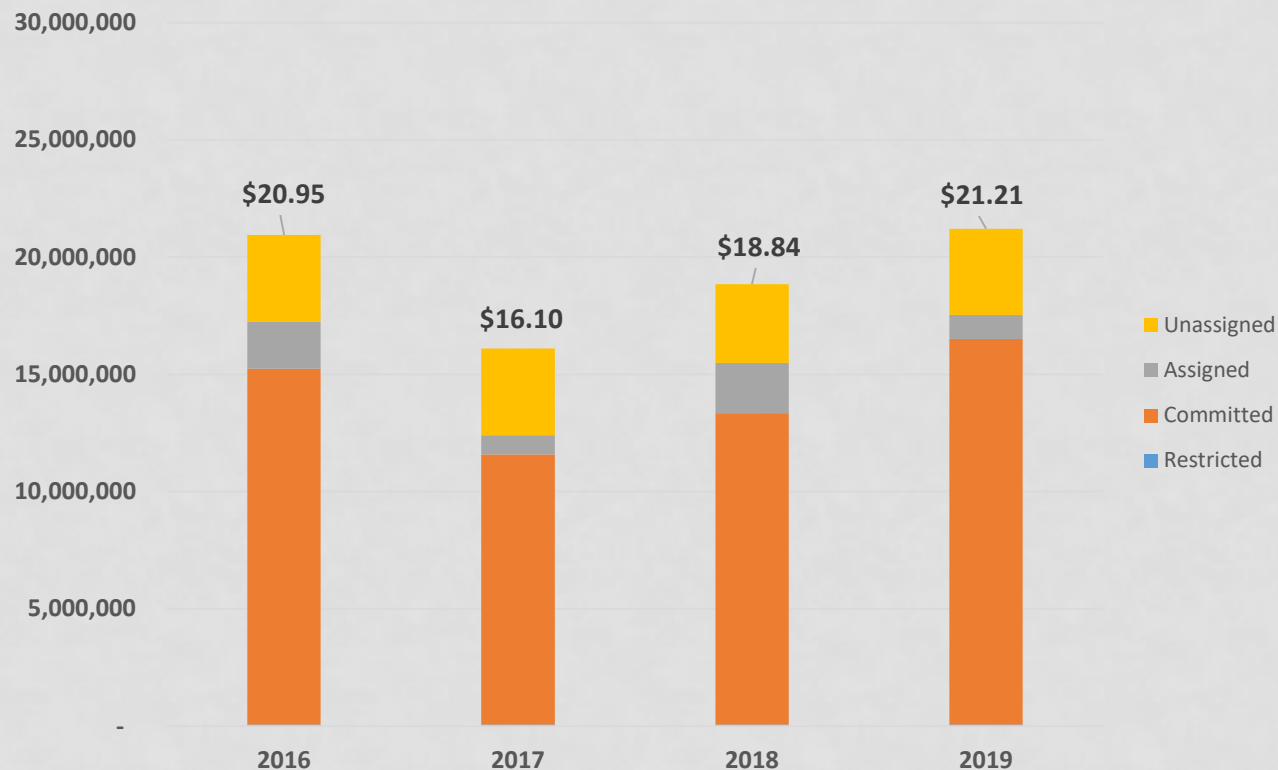
The Town is demonstrating its resolve for readiness for another disaster

THE NATURAL DISASTER FUND IS COMPRISED OF:



The Balance remaining on the Disaster Bonds is \$13,455,000

HOW IS THE GENERAL FUND BALANCE RECOVERING AFTER MATTHEW?



The General Fund is now back up to pre-Matthew levels – these amounts help keep the Town operating during an event, and help every year with the seasonality of the Town’s revenues

QUESTIONS OR COMMENTS?



After 3 storms in 3 years, one year off would be welcome!