

Our Town

A Newsletter of the Town of Hilton Head Island
 Brought to you by the Town of Hilton Head Island, South Carolina
www.hiltonheadislandsc.gov (843)341-4600

Mayor's Note



Mayor Peeples

As reported by MSNBC.com, Hilton Head Island has been named by ShermansTravel as a top ten beach recommended for families. ShermansTravel is a guide to top travel deals and destinations. Town Council's vision of providing for a "unique residential resort and business community" means, among other things, that we have a world-class beach, great natural beauty, and pristine waterways. Over the many years, we have committed ourselves to this vision and it's nice to be recognized by various surveys, rating agencies, and travel companies on a regular basis. Our investment is paying off.

In March, the Town contributed \$300,000 in Disaster Advertising Reserve funds to the Hilton Head Island-Bluffton Chamber of Commerce for a 2010 Hilton Head Island Spring Marketing Campaign. This campaign targeted travelers across the southeast. The Chamber estimates that over the next 18 months, the 2010 campaign will have a potential \$28 million in direct economic impact to our area. According to the Chamber, this represents a potential \$94 to \$1 return on investment, year-to-date.

Town Council and the Beaufort County Council recently held a joint public meeting to discuss a Resolution that called for directing airport master plan consultants to analyze the impact of extending the airport runway. We heard from dozens of residents. Some wanted no runway extension while others advocated for lengthening from several hundred feet to over a thousand feet. Residents spoke and we listened. A separate vote was taken by the two Councils and we directed the consultants to study the various impacts of a runway of 4,600, 5,000, and 5,400 feet. We went beyond the original Resolution under consideration and broadened its

scope. This will allow all of us to have more information to consider. As I have said from the time we decided to update the airport master plan, no decision will or should be made about the runway length until we have all the facts. The Councils joint action last month will allow for a fact-based decision about the runway length. We also decided to study the noise level at the airport to determine any impact from the planned tree removal project.

Town Council adopted our fiscal year 2010-2011 budget in June, and we held the line in a manner that ensures we maintain our parks, pathways, roads, public safety and services in the face of reduced revenues. As you will see on page 4, Council has prudently maintained our reserves in the event of a hurricane or other calamity. We want to get this Town up and running and residents back in their homes or in a position to rebuild as soon as possible after an event. To accomplish that, over the years we have added to a reserve account for the benefit of residents. Please see pages 2 and 3 for more budget information.

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Town Manager's Note



Steve Riley

One of Town Council's adopted management goals is to add Wi-Fi availability at Town parks. To that end, we now offer WI-FI hotspots at Coligny Beach Park and Compass Rose Park. Check it out and let us know what you think.

The Town of Hilton Head Island is now offering a free e-subscription service which enables residents

to subscribe to emergency alerts via email or text. The Town will only utilize the "Emergency Alerts" feature of our e-subscription service during an emergency or disaster, particularly in an evacuation or during the recovery from an event which has caused significant damage. Residents are encouraged to sign-up for the e-subscription service and link it to their cell phone so that the messages will be received in a timely manner (standard text messaging rates will apply). Visit our Website (www.hiltonheadislandsc.gov) to sign-up today!

The annual Fire and Rescue Household Hazardous Materials Roundup event was held on April 3, giving Town residents an opportunity to drop off unused paint, pesticides, and other household chemicals that might otherwise have been poured into the water system or put in the trash and ultimately end up in our local landfills. This event also included the collection of "e" waste items such as old computers, television, and other electronics.

This year's event drew a record number of participants: 1,575 cars dropped off an estimated 73,000 lbs. of hazardous materials and 12,000 lbs. of electronic waste. Since the inception of this event, we have collected almost 500,000 lbs. of hazardous materials. An interesting fact is that over 90% of the materials collected are recycled and used again or reclaimed in some manner, such as blending with fuels to be used in manufacturing operations.

The Town is happy to report that more visitors are traveling to Hilton Head Island this summer. In June and July, recent data by the Hilton Head Island-Bluffton Chamber of Commerce show that occupancy rates for June and July are up from last year. It is good news to see an increase in tourism overall, which can be witnessed by the number of visitors utilizing Town parks and facilities.



Fiscal Year 2010/2011 Budget

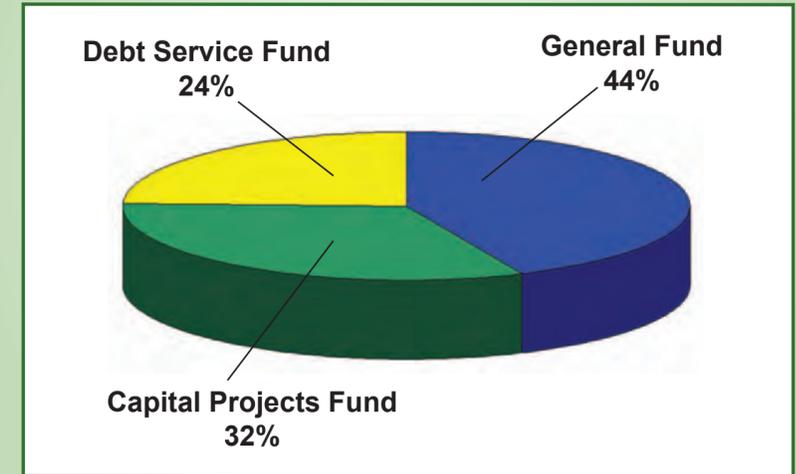
The Town's annual budget allocates the resources to achieve Town goals established by both long-term and short-term priorities set by Town Council. The combined Fiscal Year 2010/2011 budgeted expenditures for the General Fund, Capital Projects Fund and Debt Service Fund is \$74,299,720.

Funds, Resources and Uses

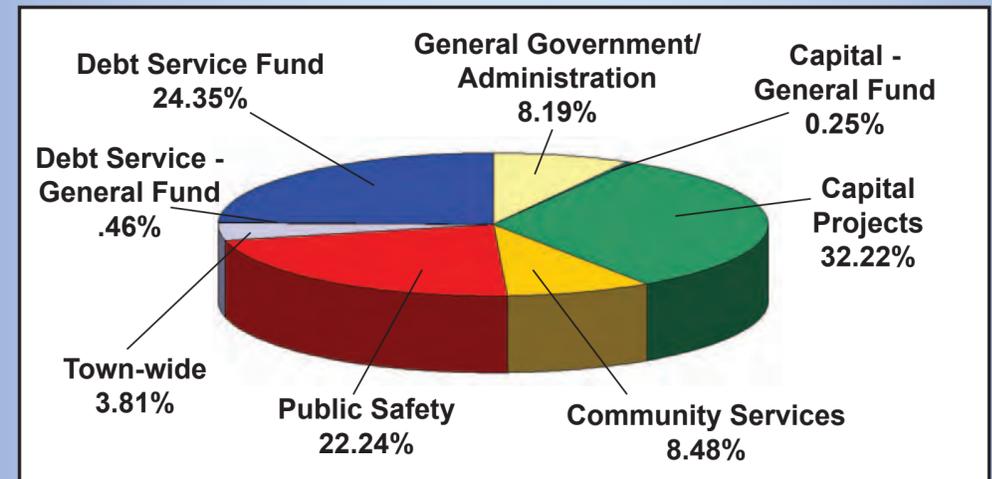
The financial transactions of the Town are budgeted and accounted for within three types of funds. Each fund type has a different source of revenue and/or certain restrictions on the use of the revenues. The fund types, major revenue sources, and primary fund uses are summarized in the chart below.

Fund Type	Primary Resources	Fund Uses
The General Fund provides for basic Town services and operations not required to be accounted for in other funds.	<ul style="list-style-type: none"> Property Taxes Business License Fees Permit Fees Local Public Safety Fee Accommodations Taxes 	<ul style="list-style-type: none"> General Operations Public Safety Community Services Beach & Area Parks Support
The Debt Service Fund accounts for long-term debt obligations for capital assets, improvements, and land acquisition.	<ul style="list-style-type: none"> Property Taxes / TIF Real Estate Transfer Fees Storm Water Utility Fees Beach Preservation Fees Hospitality Taxes 	Debt Principal & Interest
The Capital Projects Fund is used to purchase and construct capital facilities.	<ul style="list-style-type: none"> Property Taxes Fund Balance Grants Hospitality Tax Impact Fees Storm Water Utility Bond Lease Account Accommodations Taxes Sunday Liquor Permit Fees 	<ul style="list-style-type: none"> New Construction Purchase of Capital Assets Street & Drainage Improvements Pathways Beach Maintenance Parks & Open Space

Consolidated Budget by Fund Fiscal Year 2010/2011



Where the Money Goes by Program Fiscal Year 2010/2011



Where the Money Comes From

The Town revenue sources are provided from taxes on real, personal, and vehicle property; business licenses; permits; fees; charges for services; and other miscellaneous revenue collections. Major categories of revenue are described below (including the amount projected for 2010-2011).

Taxes are ad valorem property taxes collected this fiscal year on real estate, personal property, and vehicles. This revenue is 24% of the Consolidated Budget at \$17.3 million.

Accommodations Taxes (ATAX) / Beach Preservation Fees are funds derived from taxes on short-term rental, hotels, and motel accommodations. The State mandates 2% tax, and the Town has a 2% Beach Fee and 1% Local Accommodations tax. These fees are \$20.5 million and represent 27% of the total budget.

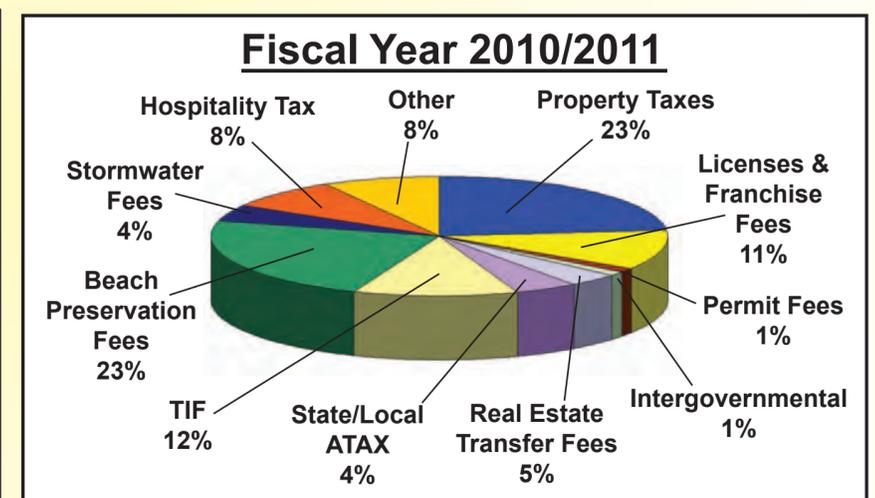
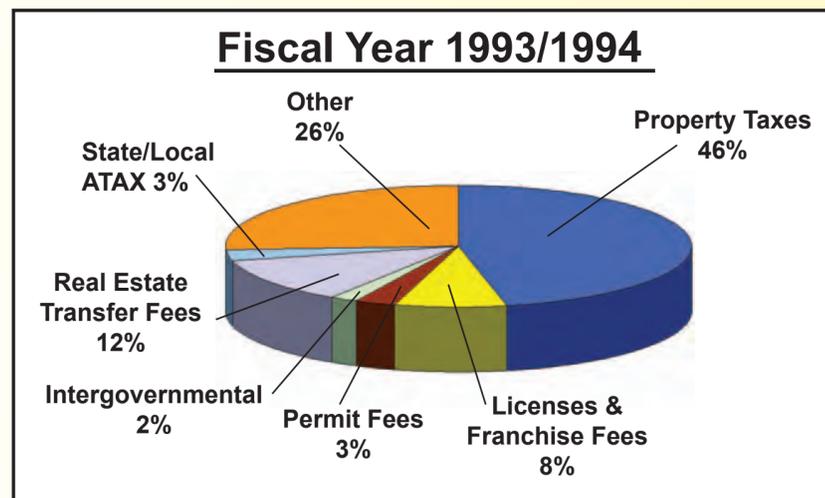
HTAX/SWU Bonds and Fees: HTAX (Hospitality Tax) are proceeds from HTAX Bond and fees collected from a 2% tax imposed on the gross sales price of prepared meals and beverages; SWU Bond and Fees are proceeds from a storm water utility bond and a fee charged by the County for management of the storm water system within the Town. These fees are \$9.3 million and represent 12% of the total budget.

Licenses, Franchise Fees & Permits are business licenses, building and development permits, and cable and beach franchise fees which raise \$8.1 million for the General Fund and represent 11% of the Consolidated Budget.

Other revenue includes impact fees, real estate transfer fees, tax increment financing (TIF) fees, and miscellaneous revenue (contributions, municipal fines and fees, intergovernmental funds, parking fees, miscellaneous funds from prior years, and interest income). Total revenue from these sources is \$16.4 million or 26% of the total budget.

Consolidated Budget Revenue Sources

The pie charts below highlight the Town's progress in decreasing the reliance on a high percentage of property tax revenue from 46% in Fiscal Year 1994 as compared to 23% in Fiscal Year 2011. The increase in funding provided through other sources demonstrates the Town's ability to expand the diversity of its funding sources through the years.



The Importance of Fund Balance/Reserves

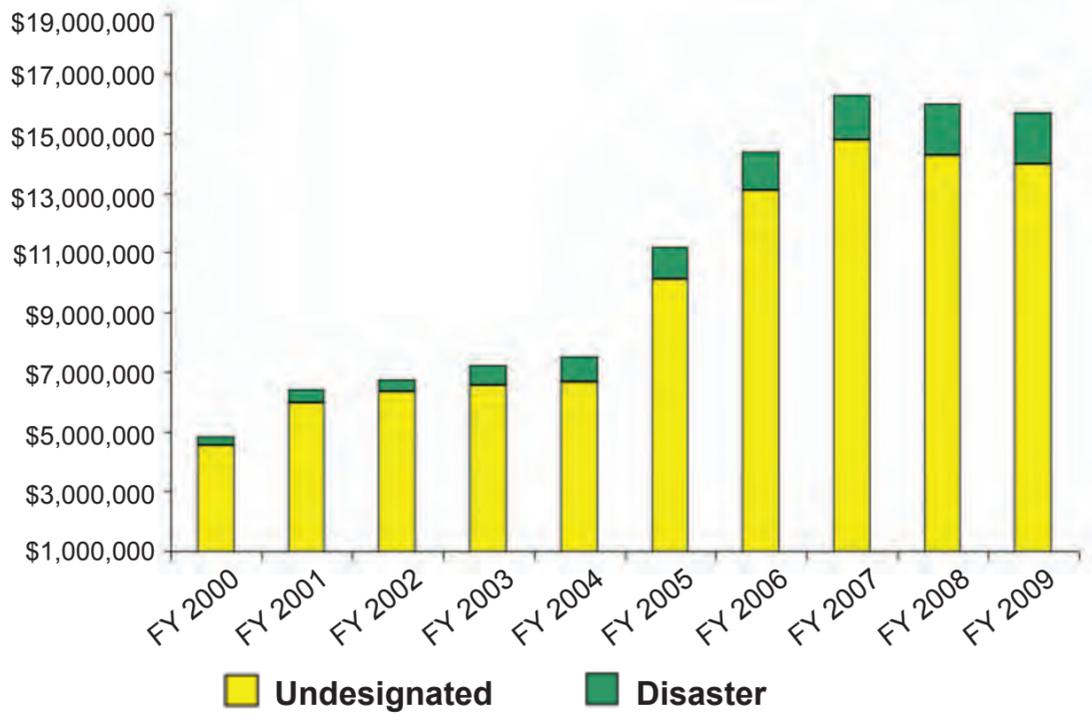
It is essential that the Town maintain fund balance/reserves in order to protect against temporary economic downturns in revenue and to fund unpredicted one-time expenditures or any other type of expenditure.

Fund balance is critical to the Town's financial health; it is a major factor in maintaining a favorable credit rating.

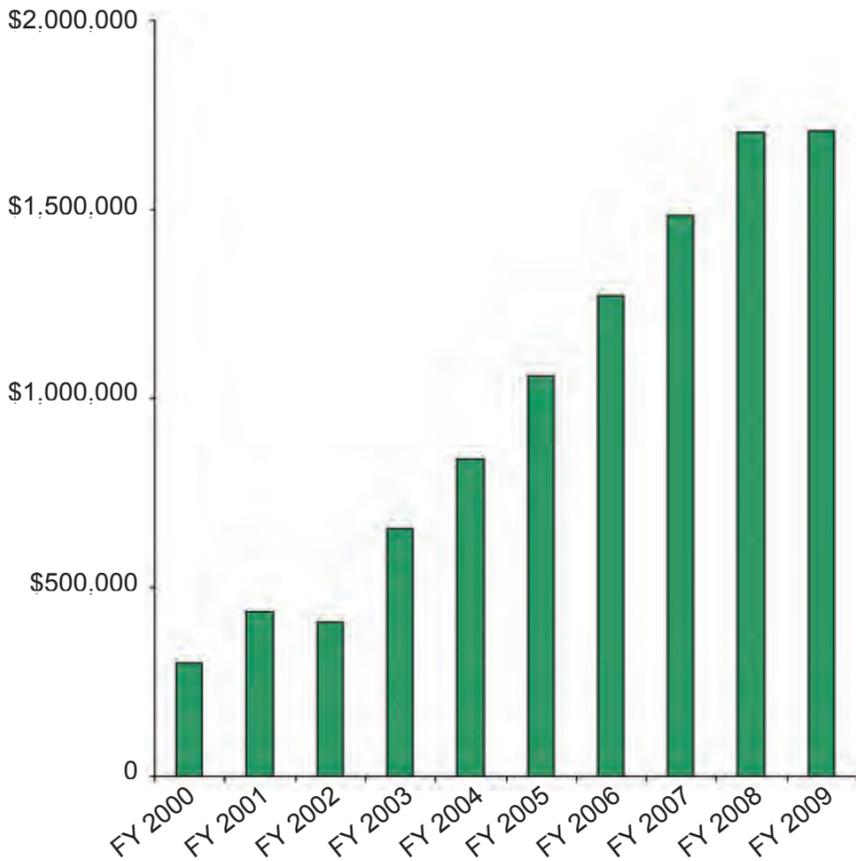
Fitch rating agency suggests, "Maintaining an operating reserve is perhaps the most effective practice an issuer can use to enhance its credit rating."

Here are bar charts depicting various reserve account information.

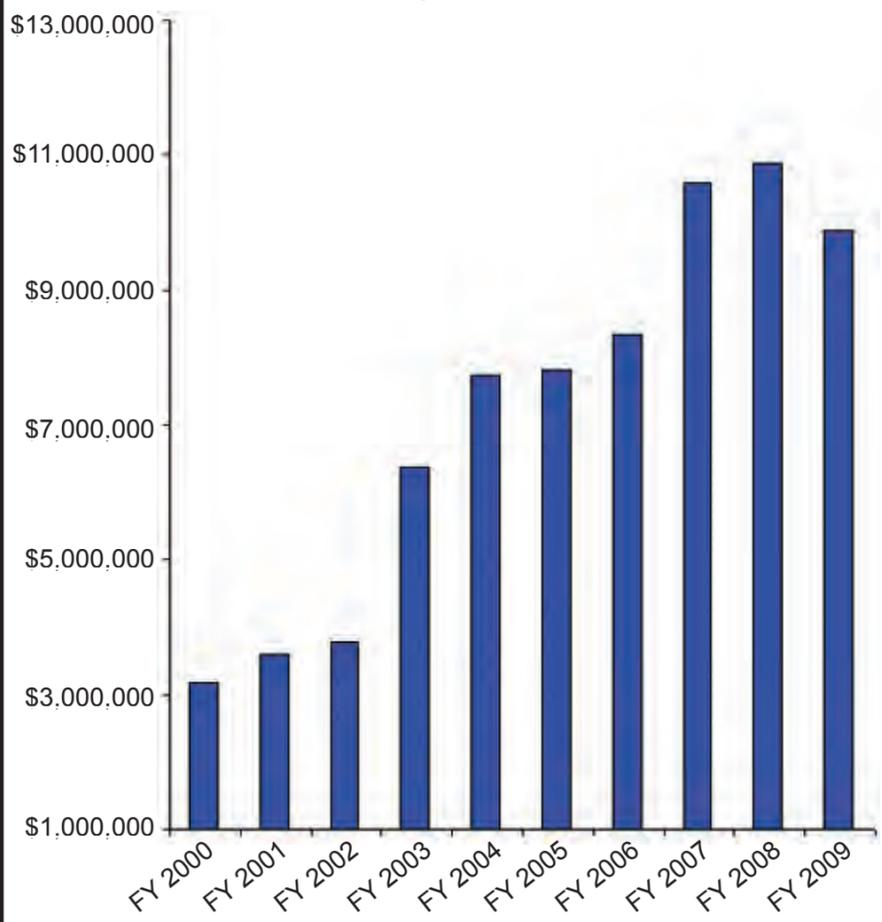
General Fund - Unreserved Fund Balance and Disaster Reserve By Fiscal Year



General Fund - Disaster Reserve By Fiscal Year



Debt Service Fund - Unreserved Fund Balance By Fiscal Year



Around Town

South Island Pathways

The Town has recently completed the construction of three new pathways on the south end of the Island. These pathways run along New Orleans, Lagoon, and Avocet Roads, and they provide pedestrians and bicyclists with safe access to and from these thriving commercial areas. The pathways will also enhance the Island's existing transportation system and extend its functionality and connectivity. These new additions will add just over one mile of new pathways to our 55 miles of existing public pathways. The New Orleans pathway is the longest, running the entire length of the road, from William Hilton Parkway to Pope Avenue. The Avocet and Lagoon Road pathways are each just one block long, but these are among the most heavily travelled by pedestrians on the Island.

These pathways had been eagerly anticipated and are now being used by a great number of citizens and visitors. The adjacent property and business owners were great to work with on this project and helped to make it a success. All three project areas have been landscaped to give them the completed look that blends into the natural beauty which we enjoy here on Hilton Head Island. Looking at the pathways now, they seem to fit perfectly with the natural surroundings they pass through. The total cost of construction for all three pathways was approximately \$840,000.

