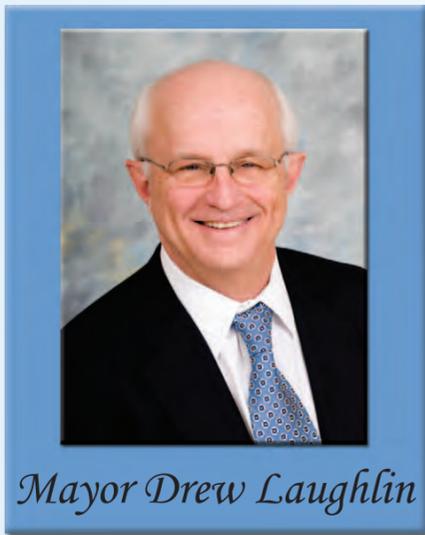


Our Town

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 Drew Laughlin

Our Island has experienced changes and challenges the last year or so, but I believe we are turning a corner towards prosperity. One significant change was the election of a new Mayor and three Council Members. Council then challenged itself by agreeing to seek ways to change our Land Management Ordinance to foster greater flexibility, simplicity, and revitalization. While we understand we cannot completely deflect a national economic mess, we are seeking to: expand our technology infrastructure (improve cell service); design and redevelop the Coligny and Shelter Cove Mall areas; investigate economic development opportunities; develop a proactive

marketing campaign to entice retirees and businesses to our Island, and numerous other initiatives to improve our quality of life. We will be considering big changes indeed but we know that in order to evolve as a community, we must be willing to change. Council has, and will continue to have, dozens of public meetings inviting our residents to attend and help us chart the future. Be a part of the future.

One major challenge that has been successfully resolved is the future of the Heritage golf tournament. A five year commitment from the Royal Bank of Canada, Boeing, and the Town achieves Town Council's number one goal this year. This means our beautiful Island will receive four days of international media coverage, businesses will be busy, non-profits will continue to raise needed funds, and worthy college-bound students will receive education grants. The Heritage is one event of many on the Island, but it is important for us and the state of South Carolina, and we are delighted the tradition will continue.

As you can see on page 3, the Island continues to receive accolades. These accolades are due to our natural resources and the commitment by

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Councils, with your support, to achieve excellence in the amenities and public services we are expected to deliver. In addition, we continue to see an increase in the number of visitors, and that means more activity for our Island businesses. Accommodations, Hospitality and Beach Preservations fees continue to rebound. Clearly, the Island real estate and building industry are still hurting. Our recently adopted budget is designed to continue to achieve excellence in the amenities we provide to residents and visitors. I firmly believe and made clear at our budget meetings, that our budget must support the maintenance of the facilities we have built as well as continued improvements to drainage, roads, pathways and the like.

You may remember the "It's morning in America again" line from the 1984 Reagan campaign television ad. While we may not be able to emphatically declare "It's morning on Hilton Head Island again," we have achieved important successes and are undertaking to make things better, so we can say that morning is near.

Town Manager's Note



Steve Riley

As the Mayor notes above, there are many reasons this community ought to be proud and optimistic. Landing RBC and Boeing as 5 year sponsors for the Heritage Golf Tournament was huge. As far as I am concerned, 4 days of international coverage is great for the Island real estate industry, tourism, and yes, Town revenues. The Town has committed funds over 5 years to the RBC Heritage and Council deems this as an investment

in our community. Just ask the non-profits and business community whether retaining the tournament is critical. Reading articles in national, state and local magazines and newspapers left me gratified that people around the world felt so strongly about the tournament remaining on our Island.

The Town initiated a lawsuit against online travel agencies over a year ago because we thought we were not receiving all revenues that were due us from short-term lodging. Well, we were right and we settled the suit for \$348,000 and those funds have been deposited in our accommodations tax account. Going forward, the online agencies will pay the correct amount.

We have been working with the USCB Department of Hospitality Management to help fund a tourism and development center. USCB will focus on improving our existing special events and festivals and perhaps adding new festivals. Festivals add a vibrancy to the Island and offer residents and visitors some fun opportunities. The center will provide training and internships for USCB students. As, or more important,

our agreement with USCB will re-establish a USCB presence on the Island, which is important to Council. Council also finds that our agreement with USCB will benefit Island businesses and increase the number of Island visitors.

Council adopted its 2011-2012 budget in June. The last 3 budget years have been challenging in that we have had to balance revenue with expenditures. Over the last 3 years, we have reduced about 14 staff positions. I simply want this community to know that we're doing more with less, thanks to a dedicated staff who understands resident's expectations. In the event Council authorizes large scale improvements to the e.g. Island Recreation Center, Coligny Circle area and a Rowing and Sailing Center, the money must come from somewhere so while a tax increase of \$11.34 for a \$350,000 home was not popular to some, the money will be put right back into the community and support the very things residents want.

Fiscal Year 2011/2012 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 2011/2012 budgeted expenditures for the General Fund, Capital Projects Fund and Debt Service Fund is \$59,269,070. The Town also adopted a \$5.5 million budget for its Stormwater Utility Fund (Enterprise Fund).

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.	Property Taxes, Business License Fees, Permit Fees, Local Public Safety Fee, Accommodations Taxes, Hospitality Taxes	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.	Property Taxes / TIF, Real Estate Transfer Fees, Beach Preservation Fees, Hospitality Taxes	Debt Principal & Interest
The Capital Projects Fund is used to purchase and construct capital facilities.	Property Taxes, Fund Balance, Grants, Hospitality Tax, Impact Fees, Lease Account, Accommodations Taxes, Sunday Liquor Permit Fees	New Construction, Purchase of Capital Assets, Pathways, Beach Maintenance, Parks & Open Space

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.

Taxes are ad valorem property taxes collected this fiscal year on real estate, personal property, and vehicles. This revenue is 30% of the Consolidated Budget at \$17.9 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 \$7.8 million and represent 13% of the total budget.

HTAX/Bonds/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. These fees will provide \$6.6 million and represent 11% of the total budget.

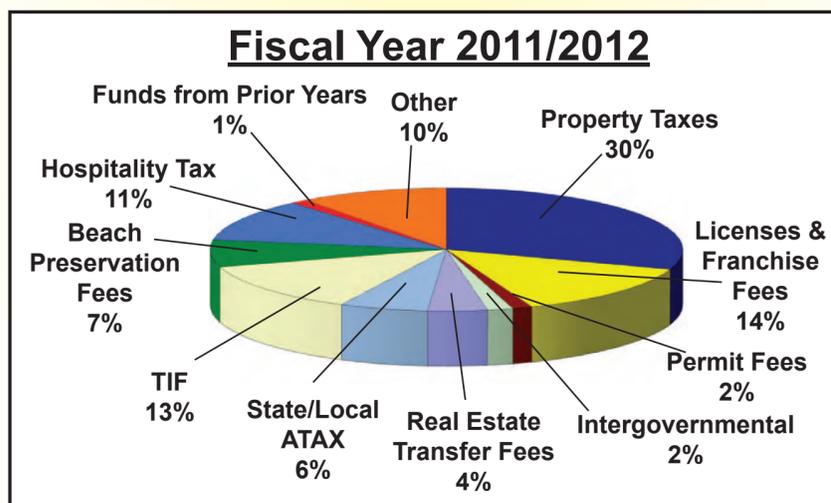
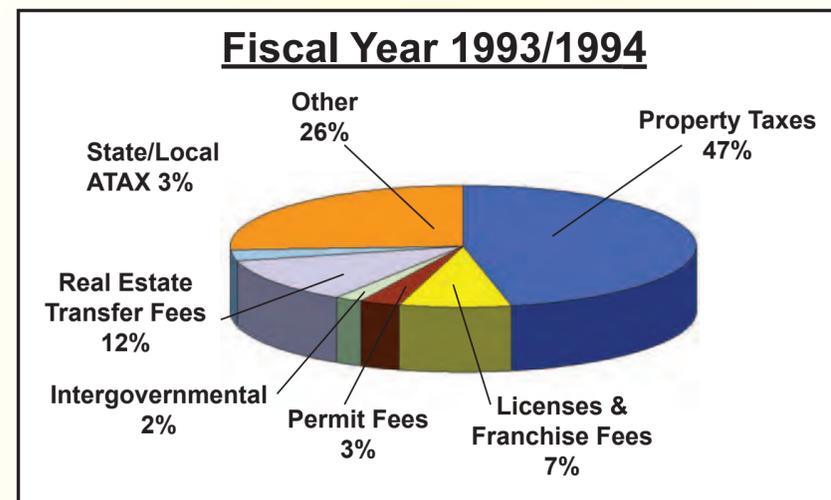
Licenses, Franchise Fees & Permits are business licenses, building and development permits, and cable, beach and recycling franchise fees which raise \$9.1 million for the General Fund and represent 16% of the Consolidated Budget.

Tax Increment Financing (TIF) in which funds derive from increased value above the baseline assessment when the TIF District was established. These taxes will provide \$7.7 million and represent 13% of the Consolidated Budget.

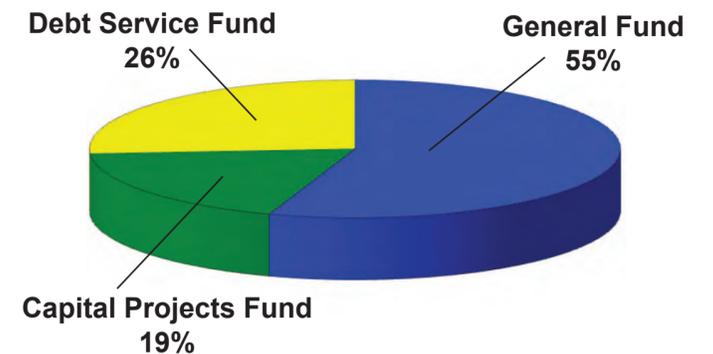
Other revenue includes impact fees, real estate transfer fees, and miscellaneous revenue (contributions, municipal fines and fees, intergovernmental funds, parking fees, emergency medical services, and interest income). Total revenue from these sources is \$10.2 million or 17% of the total budget.

Consolidated Budget Revenue Sources

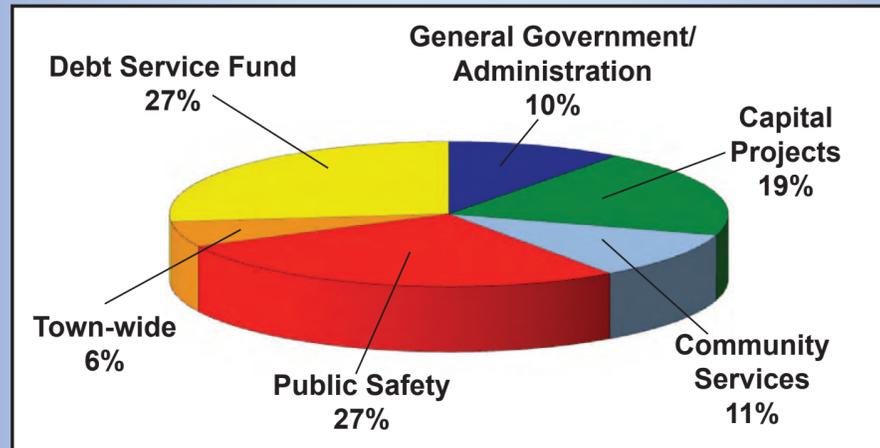
The pie charts below highlight the Town's progress in decreasing the reliance on a high percentage of property tax revenue from 46% in Fiscal Year 1994 as compared to 30% in Fiscal Year 2011/2012. The increase in funding provided through other sources demonstrates the Town's ability to expand the diversity of its funding sources through the years.



Consolidated Budget by Fund Fiscal Year 2011/2012



Where the Money Goes by Program Fiscal Year 2011/2012



Hilton Head Island Accolades

By living on Hilton Head Island, we often forget how fortunate we are to be able to call Hilton Head Island home. Our outstanding natural resources, amenities and businesses do not go unrecognized. In fact, below is a list of some of the recent accolades Hilton Head Island has received:

- Bicycle Friendly Community Silver Level Recognition by the League of American Bicyclists;
- Top 10 Best Beaches for Families for 2011: *Parent's Magazine*;
- Top 20 Best Beaches in the Nation – *TripAdvisor.com Travelers' Choice Awards*
- Best Memorial Day Weekend Destination – *AOL.com*
- Top 10 Family Beach – *MSNBC.com*
- Top Five Best Family Biking Getaways in America – *Disney's Family Fun magazine*
- Top Ten Vacation Rental Destination in the U.S. – *TripAdvisor.com*
- Top Ten Memorial Day Weekend Getaways – *Sherman's Travel*
- Top 10 Spring Break Rental Hot Spots – *TripAdvisor.com*
- Top 5 America's Healthiest Beach Getaways – *Health magazine*
- America's Best Beaches – *Travel Channel*
- Best Weekend Getaways – *Southern Living*

Hurricane Preparedness

We are now officially back into the six month hurricane season. We should all be prepared to take action to lessen a storm's impact. The Town has worked with county and state officials to develop comprehensive plans to respond effectively and to ease the evacuation and re-entry processes. In addition, we have also developed strategies to expedite and ease our recovery efforts by establishing an emergency reserve account to fund these activities and by amending our Land Management Ordinance to facilitate a rapid reestablishment of our community following a hurricane or other disaster. In the event of a potential or actual storm strike, you play a key role in a successful pre- and post-disaster scenario. Your Town wants you to be prepared for whatever comes our way this year.

Prepare Your Home

- Consider covering all of your home's windows with pre-cut ply wood or hurricane shutters to protect your windows from high winds.
- Plan to bring in all outdoor furniture, decorations, garbage/recycling cans and anything else that is not tied down.
- Keep all trees and shrubs well-trimmed so they are more wind resistant.
- Turn off utilities and propane tank.
- Ensure a supply of water for sanitary purposes such as cleaning and flushing toilets. Fill the bathtub and other large containers with water.
- Document, photograph or videotape possessions for insurance purposes.
- Close interior doors.

Prepare Your Business

- Carefully assess how your company functions, both internally and externally, to determine essential personnel, materials, procedures and what equipment are absolutely necessary to keep the business operating.
- Identify operations critical to survival and recovery.
- Plan what you will do if your building or store is not accessible.
- Consider if you can run the business from a different location or from your home.
- Develop relationships with other companies to use their facilities in case a disaster makes your location unusable.
- Document, photograph or videotape possessions for insurance purposes.

Listen to Local Officials

Learn about the emergency plans that have been established. Listen to the instructions given by local emergency management officials. **Know your local radio stations and other media outlets.**

Evacuation

The Governor of South Carolina may encourage a voluntary evacuation or require a mandatory evacuation. You are encouraged to evacuate when instructed. Evacuations of specific areas occur because authorities determine that there is an immediate threat to your life and safety. **PREPARE NOW.** Know where you will go if evacuated. Anticipate that roads on and off the Island will be congested and difficult to maneuver. Leave early if possible.

If you don't have reliable transportation of your own, you need to determine in advance what other options are available from your family, neighbors or local government. Please contact Hilton Head Island's Emergency Management Office in advance at (843) 682-5156 or (843) 682-5119 if you do not have transportation off the Island so we can assist you. For major evacuations, a shuttle will be provided from various locations on the Island to the Hilton Head Island Airport where residents and visitors will be transported to a public shelter.

The following are pick-up points to be transported to the Hilton Head Island Airport where residents and visitors will be transported to a public shelter on the mainland via Palmetto Breeze buses:

- 151 Gumtree Road (in front of the Boys and Girls Club)
- 173 Marshland Road (in front of the Elks Club)
- 430 William Hilton Parkway (in front of Pineland Station)
- 450 Spanish Wells Road (in front of Grace Community Church)
- 24 Pope Avenue (in front of Holy Family Catholic Church)
- 663 William Hilton Parkway (in front of Hilton Head Resort)

If you have a medical condition that requires special attention or care, please contact the Hilton Head Island Emergency Management Office at (843) 682-5156 or (843) 682-5119 in order to provide you assistance, preferably before an event.

Sign-up for the Town's free e-subscription service which enables residents to subscribe to emergency alerts via email or text.

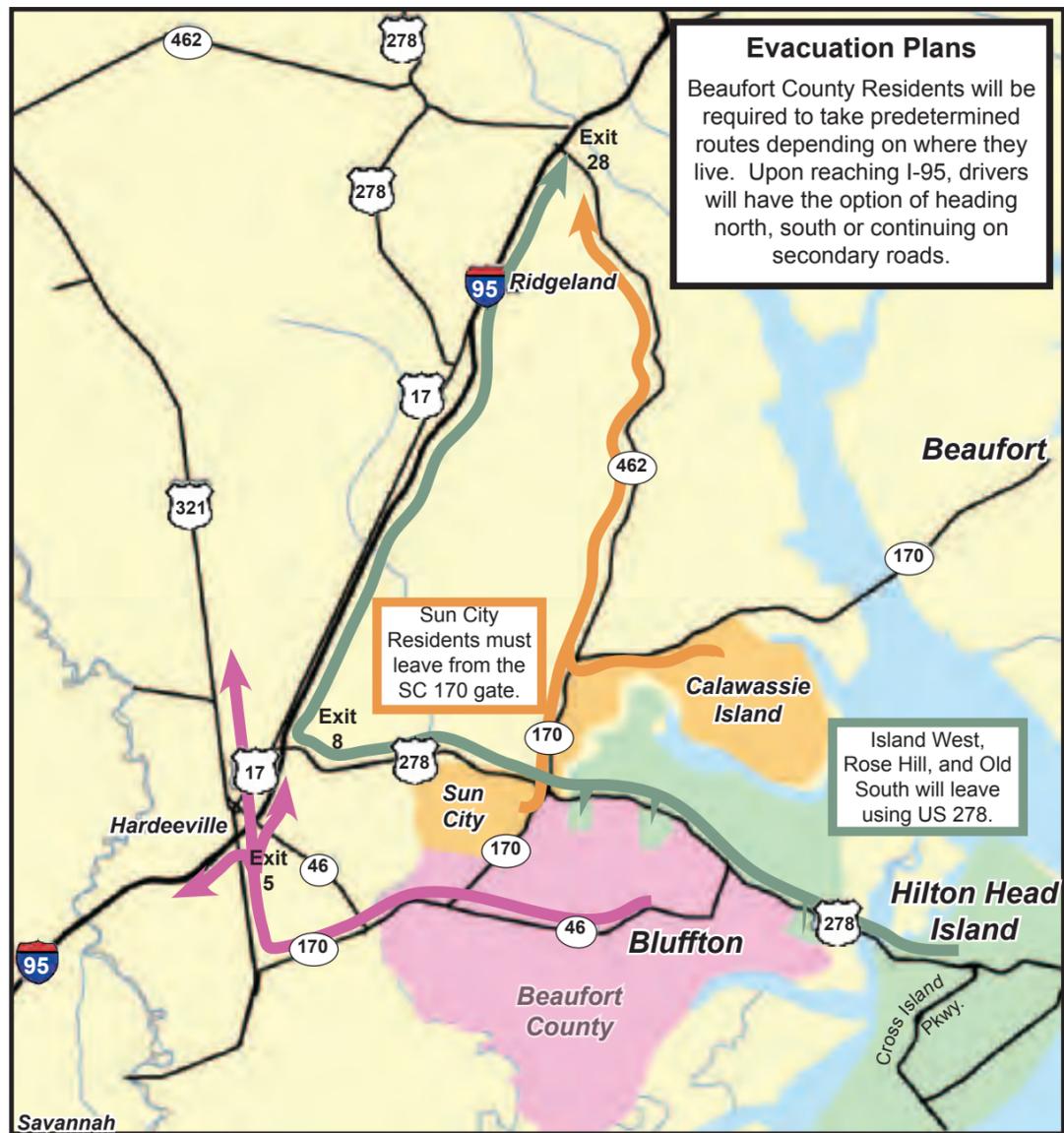


This e-subscription service will be used in conjunction with our existing website and Citizen Hotline (**1-800-963-5023**) to provide emergency information. The Town of Hilton Head Island will only utilize the "Emergency Alerts" Topic of our e-subscription service during an emergency or disaster, particularly in an evacuation or during the recovery from an event which has caused significant damage.

The Town encourages residents 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 to sign-up today!

www.hiltonheadislandsc.gov



After-the-Storm Contact Information

While out of town, you can obtain updated information regarding Hilton Head Island by calling this toll-free number: **1-800-963-5023**. Recorded messages will advise of road conditions, damage estimates, utility restoration, shelter information, re-entry times, and other pertinent information. You may also access this information on the following websites:

www.hiltonheadislandsc.gov and www.bcgov.net