

TOWN COUNCIL STAFF REPORT



MEETING DATE:	May 9, 2023
PROJECT:	Formal Item: Consideration of an Ordinance Approving the Town of Bluffton Fiscal Year 2024 Proposed Consolidated Budget – First Reading
PROJECT MANAGER:	Stephen Steese, Town Manager

REQUEST:

Town Council approves the first reading of the Ordinance for the Town of Bluffton FY 2024 Consolidated Budget of \$77,814,253, guided by the Town Mission statement and the Town of Bluffton Strategic Plan Action Agenda for FY 2024.

BACKGROUND AND DISCUSSION:

This financial plan supports our Bluffton Town Vision that states, “Bluffton, the Heart of the Lowcountry, a Town that appreciates the past, focuses on today and is planning together for a greater future.” This financial plan provides the resources and staff for all our commitments to making Bluffton a better place.

The consolidated budget concentrates on the Town of Bluffton Strategic Plan Priority Focus Areas that include May River & Surrounding Rivers and Watersheds, Town Organization, Economic Growth, Fiscal Sustainability, Community Quality of Life, Housing, and Infrastructure.

The consolidated budget for FY2024 now consists of six major funds, which includes two additional Special Revenue Funds, Hospitality Tax Fund and Local Accommodations Tax Fund, as well as the General Fund, the Stormwater Fund, the Capital Improvements Program (CIP) Fund, and the Debt Service Fund.

The proposed consolidated budget is an increase of 6.1% from the revised FY2023 budget which reflects the addition of the newly budgeted Special Revenue Funds. The budget keeps the tax millage rate the same at 38.5, which reflects General Fund mills of 36.8 and Debt Service Fund mills of 1.7 mills. The current millage rate may be impacted by Beaufort County’s 2023 reassessment program. We anticipate a rollback millage calculation to show revenue neutrality, but the number is not known at this time.

There are proposed changes to the Master Fee Schedule due to increases in contracts and current services as well as the removal of some outdated fees for the following:

- Section II – Police Department Fees for off-duty officers from \$52.50 to \$60 per hour
- Section IV –
 - Facility Rental Fees for cleaning from \$100 to \$130
 - Addition of Buckwalter Place Commerce Park – Amphitheater Section
- Remove Section V – IT/GIS Department Fees and rename it “RESERVED”

- Section VI – Growth Management Fees
 - Streamlined Application Fees
 - Increase to working without a permit from two (2) times the value of the permit fee to three (3)
 - Language added for Neighborhood Assistance Program and Affordable Housing Partnerships
 - Increases to Planning and Environmental Applications and Permits
- Section VII – Stormwater Management Fees
 - NPDES Inspection Fee increases
 - Adding Notice of Termination fees

CURRENT STATUS:

The General Fund accounts for and reports the financial resources for the Town's primary operating fund. Principal sources of revenue are property taxes and licenses and permit fees. The General Fund budget is 37.6% or \$29,276,059 of the consolidated budget. Budget details are available in the attached Executive Consolidated Budget Summary.

Hospitality Tax Fund (*Newly Budgeted in FY2024*) is used to account for the local hospitality tax fees of two percent (2%) by the Town for use in tourism related expenditures and related Capital Improvements Projects. The Hospitality Tax Fund proposed budget is \$7,467,056 or 9.6% of the consolidated budget and supports transfers to the General Fund and Capital Improvement Program Fund for allowable projects and expenditures. Budget details are available in the attached Executive Consolidated Budget Summary.

Local Accommodations Tax Fund (*Newly Budgeted in FY2024*) is used to account for the local accommodations tax fees of three percent (3%) by the Town for use in tourism related expenditures and related Capital Improvements Projects. The Local Accommodations Tax Fund proposed budget is \$1,597,500 or 2.1% of the consolidated budget and supports transfers to the General Fund and Capital Improvement Program Fund for allowable projects and expenditures. Budget details are available in the attached Executive Consolidated Budget Summary.

The Stormwater Fund accounts for and reports the financial resources of all stormwater-related expenditures including Watershed Management staffing and operations, routine watershed maintenance and capital projects. The primary source of revenue is stormwater utility fees. The Stormwater Fund budget is 4.1% or \$3,201,112 of the consolidated budget and includes a transfer to the Debt Service Fund to pay the principal and interest on General Obligations bonds issued for stormwater and sewer projects. Budget details are available in the attached Executive Consolidated Budget Summary.

Capital Improvement Program (CIP) Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays including the land acquisition and/or construction of capital facilities and other capital assets. Capital projects are primarily non-recurring in nature. All capital categories require a unit cost threshold of greater than \$5,000, except roads, buildings, and computer software (recorded in the general fund) whose threshold is \$50,000. The CIP budget is 37.0% or \$28,779,621 of the consolidated budget and supports diversified projects throughout our Bluffton neighborhoods. Budget details are available in the attached Executive Consolidated Budget Summary.

Debt Service Fund accounts for the accumulation of resources for the payment of interest and principal on general long-term debt obligations. The primary source of revenue is property tax and bond proceeds. The Debt Service Fund budget is \$7,492,621 or 9.6% of the consolidated budget and supports the debt service for the 2014 and 2022 Tax Increment Revenue Bonds, 2020 General Obligation Bond for the Law Enforcement Center at Buckwalter Place, 2020A General Obligation Bond for Stormwater Capital Projects, a transfer to the Capital Improvement Program Fund for allowable projects, and future debt payments and allowable expenditures. Budget details are available in the attached Executive Consolidated Budget Summary.

NEXT STEPS:

- May 25, 2023 Town Council Budget Workshop at 5:00 pm
- May 30, 2023 Town Council Budget Workshop at 5:00 pm
- June 13, 2023 Town Council Meeting at 5:00 pm – Public Hearing and Second and Final Reading

ATTACHMENTS:

1. FY2024 Proposed Consolidated Budget Executive Summary
2. Ordinance for Fiscal Year 2024 Budget
 - Attachment A: General Fund Proposed Budget
 - Attachment B: Hospitality Tax Proposed Budget
 - Attachment C: Local Accommodations Tax Proposed Budget
 - Attachment D: Stormwater Fund Proposed Budget
 - Attachment E: Capital Improvement Program Fund Proposed Budget
 - Attachment F: Debt Service Fund Proposed Budget
 - Attachment G: Consolidated Proposed Budget
 - Attachment H: Master Fee Schedule