

AGENDA
COUNTY COUNCIL OF BEAUFORT COUNTY
Monday, May 24, 2010
4:00 p.m.
Council Chambers, Administration Building

Citizens may participate in the public comment periods and public hearings from telecast sites at the Hilton Head Island Branch Library as well as Mary Field School, Daufuskie Island.

4:00 p.m.

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. INVOCATION
4. REVIEW OF MINUTES – [April 26, 2010](#)
5. PROCLAMATION
 - Foster Care Review Month
Ms. Deloris Mack, Human Services Coordinator I
6. PUBLIC COMMENT
7. [COUNTY ADMINISTRATOR’S REPORT](#)
Mr. Gary Kubic, County Administrator
 - The County Channel/Broadcast Update: Coastal Kingdom: Salt Marsh/Third in the Series
 - Two-Week Progress Report
8. [DEPUTY COUNTY ADMINISTRATOR’S REPORT](#)
Mr. Bryan Hill, Deputy County Administrator
 - Two-Week Progress Report
 - Construction Project Updates
 - One Cent Sales Tax Referendum Projects: ([monthly report](#))
 - New Bridge over Beaufort River / US 21 / SC 802 Construction Project
 - SC Highway 802 Roadway Construction Project
 - Mr. Robert McFee, Division Director, Engineering and Infrastructure

Over



CONSENT AGENDA
Items 9 and 11

9. RURAL AND CRITICAL LANDS PRESERVATION PROGRAM CONSULTING SERVICES FOR BEAUFORT COUNTY ([backup](#))
 - Natural Resources Committee discussion and recommendation to approve occurred May 14, 2010 / Vote 5:0
 - Contract award: Beaufort County Open Land Trust, Beaufort, South Carolina
 - Contract amount: \$144,000 initial contract term of one year with four additional one-year contract renewal periods all subject to the approval of County Council
 - Funding source: Account #11209-51160, Professional Services

10. AN ORDINANCE FINDING THAT THE HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA MAY ISSUE NOT EXCEEDING \$4,000,000 GENERAL OBLIGATION BONDS AND TO PROVIDE FOR THE PUBLICATION OF NOTICE OF THE SAID FINDING AND AUTHORIZATION ([backup](#))
 - Consideration of second reading
 - Public hearing to occur Monday, June 14, 2010, beginning at 6:00 p.m. in the large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island
 - First reading approval occurred May 10, 2010 / Vote 11:0
 - Finance Committee discussion and recommendation to approve occurred May 3, 2010 / Vote 7:0

11. AN ORDINANCE AUTHORIZING THE PLACEMENT OF A PUBLIC QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION OF NOVEMBER 2, 2010 CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE NOT TO EXCEED \$40,000,000 GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO
 - Consideration of first reading, by title only
 - Natural Resources Committee discussion and recommendation to approve occurred May 14, 2010 / Vote 5:0

12. TEXT AMENDMENTS TO THE BEAUFORT COUNTY ZONING AND DEVELOPMENT STANDARDS ORDINANCE (ZDSO) THAT REPLACES ALL THE COMMUNITY OPTIONS WITH A TRADITIONAL NEIGHBORHOOD DEVELOPMENT OPTION: ARTICLE V, DIVISION 1, TABLE 106-1098 USE TABLE; ARTICLE VI, DIVISION 2, TABLE 106-1526 OPEN SPACE AND DENSITY STANDARDS; ARTICLE VI, DIVISION 3, TABLE 106-1556 LOT AND BUILDING STANDARDS; ARTICLE VI, DIVISION 4, TABLE 106-1617 BUFFERYARD AND LANDSCAPING STANDARDS; ARTICLE XI, DIVISIONS 1 AND 2

- Announcement of public hearing **only** - Monday, June 28, 2010 beginning at 6:00 p.m. in Council Chambers of the Administration Building, 100 Ribaut Road, Beaufort
- Natural Resources Committee discussion and recommendation to approve May 14, 2010 / Vote 5:0
- Council consideration of third and final reading March 15, 2010 / Tie vote 5:5
- Public hearing was held March 15, 2010
- Second reading approval occurred January 25, 2010 / Vote 6:5
- First reading approval occurred January 11, 2010 / Vote 6:5
- Natural Resources Committee discussion and recommendation to approve occurred January 4, 2010 / Vote 5:0

PUBLIC HEARINGS

Items 13 and 14

- 6:00 p.m.** 13. **FY 2010 / 2011 SCHOOL DISTRICT BUDGET PROPOSAL**
- Consideration of second reading
 - Finance Committee discussion May 17, 2009
 - First reading approval occurred May 10, 2010 / Vote 10:1
 - Finance Committee discussion May 3, 2009
14. **FY 2010 / 2011 COUNTY BUDGET PROPOSAL ([backup](#))**
- Consideration of second reading
 - Finance Committee discussion and recommendation to approve May 17, 2009 / Vote 4:1
 - First reading approval occurred May 10, 2010 / Vote 11:0
 - Finance Committee discussion and recommendation to approve May 3, 2009 / Vote 7:0
 - Finance Committee discussion and recommendation to approve April 12, 2009 / Vote 7:0
15. [COMMITTEE REPORTS](#)
16. PUBLIC COMMENT
17. EXECUTIVE SESSION
- Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property
18. ADJOURNMENT

County TV Rebroadcast	
Wednesday	11:00 p.m.
Friday	9:00 a.m.
Saturday	12:00 p.m.
Sunday	6:30 a.m.

Cable Casting of County Council Meetings <i>The County Channel</i>	
Charter Cable	CH 20
Comcast	CH 2
Hargray Cable	CH 252
Hargray Video on Demand	600
Time Warner Hilton Head Cable	CH 66
Time Warner Sun City Cable	CH 63

Official Proceedings
County Council of Beaufort County
April 26, 2010

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The regularly scheduled meeting of the County Council of Beaufort County was held at 4:00 p.m. on Monday, April 26, 2010, in Council Chambers of the Administration Building, 100 Ribaut Road, Beaufort, South Carolina.

ATTENDANCE

Chairman Weston Newton, Vice Chairman D. Paul Sommerville and Councilmen Steven Baer, Rick Caporale, Gerald Dawson, Brian Flewelling, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten were present.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance to the Flag.

INVOCATION

Councilman Gerald Dawson gave the Invocation.

MOMENT OF SILENCE

The Chairman called for a moment of silence in remembrance of Mrs. Sue Anne Devoe, sister of Councilman Brian Flewelling, who died Wednesday, April 14, 2010.

REVIEW OF PROCEEDINGS OF THE REGULAR MEETING HELD FEBRUARY 8, 2010

It was moved by Ms. Von Harten, seconded by Mr. McBride, that Council approve the minutes of the regular meeting held February 8, 2010. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Glaze. The motion passed.

PROCLAMATION

Be Kind to Animals Week

The Chairman proclaimed the week of May 2 to 8, 2010 as Be Kind to Animals Week and encouraged all citizens to fully participate in the events related thereto in this community.

PUBLIC COMMENT

The Chairman recognized Mrs. Sandy Tucker, speaking on behalf of the Beaufort Tennis Association and as an avid tennis player and Captain of two USTA teams, who is here to publically thank the new Parks and Leisure Services leadership for all they have done to improve the tennis facility in beautiful downtown Beaufort. In just a few short months their leadership has made a noticeable difference in the facility. Through the efforts of Ms. Cris Roberson and Mr. Joe Penale, the downtown courts are scheduled for much-needed resurfacing. Mr. Mark Roseneau is to be commended for all he and his staff have done to correct lighting for nighttime play as well as installing new benches, keeping the well-used public restrooms in good working order and ensuring the nets are repaired or replaced as needed. We also appreciate Mr. Jack Coates, who we work with to reserve the downtown courts for league play. Last and certainly not least, we especially appreciate and thank Mr. Patrick Young and Mr. Joe Smalls for all they and their staff do to keep the facility and grounds beautifully maintained. The job they do is an integral part of the cleanliness and safety of the grounds, facilities and courts. These gentlemen take pride in the job they do and it shows. Just to let you know how much tennis is played here, during the 2010 Spring USTA season, Beaufort has a total of 14 teams participating in league play from January through May. Nine of these teams use the downtown facility. The other five teams, thankfully, can play at other locations (Beaufort High School, Beaufort Academy, etc.) otherwise it would be a scheduling nightmare. These 14 teams are comprised of 192 players. We are not as large a sports force as little league or T-ball but we are all healthy adults enjoying a sport that has no life-span. Once the spring season is over, then more USTA league tennis follows for mixed and combo leagues and then Super Seniors finalizes USTA league play in the Fall. The tennis players of Beaufort are most appreciative of all that has been done to maintain and improve the downtown courts and we look forward to a continuing partnership with Parks and Leisure Services.

COUNTY ADMINISTRATOR'S REPORT

Two-Week Progress Report

Mr. Gary Kubic, County Administrator, circulated copies of his Two-Week Progress Report, which summarized his activities from April 12, 2010 through April 23, 2010. He highlighted an April 22 meeting at the Bluffton Library Branch Library. The meeting gathered together all of the agencies associated with the care of animals. It was lead by Mr. William Winn, Division-Director Public Safety. Mr. Kubic had the pleasure of making a few opening remarks. At the meeting the group began to outline what we call our “new day at the animal control center.” It includes a series of meetings, changes, all designed to outreach and to protect our animals and to be very aggressive in the adoption process. He was delighted with the number of people who came out. At the April 26 Council meeting, Mr. Winn will give a detailed report on the new activities at the center.

Mr. Caporale said everyone, who attended the meeting are thrilled. They think the efforts are genuine. They are eager to participate. Mr. Winn did a great job chairing the meeting.

Next, Mr. Kubic clarified a headline that appeared in *The Island Packet*. The headline reads, “County delays airport tree cutting.” This is not true. The article that was written by the reporter is accurate in its content. If you read through the article, you will learn the ordinance that was passed, was challenged. The Town of Hilton Head Island is going through a new series of readings to correct the challenge. The County withdrew its application because it was a moot point. We could not apply using a law that is incomplete. The internet headline that appeared in *The Island Packet* reads, “County withdraws permit to trim trees at Hilton Head airport until town ordinances is passed.” This is very accurate. Mr. Kubic pointed out that if you read the headline on the internet it reflects the story written by the reporter. If you happen to read the actual newspaper headline, “County delays airport tree cutting”, you may get a little confused when you read the story.

Invitation

Sheriff P.J. Tanner has invited Council and the public to a Forensic Services Laboratory Open House on May 4 from 10 a.m. to 12:00 Noon and also May 5. In conjunction with the open house at the DNA Laboratory facility, the Traffic Engineering and Records Management, located in the building next door, will be open as well. Mr. Kubic suggested Council attend the open house. It is a state-of-the-art scientific CSI of Beaufort County.

The County Channel

Mr. Gary Kubic, County Administrator, announced the upcoming productions on The County Channel: County Council CIP Session - April 27 at 12:00 p.m. and May 1 at 5:00 p.m.; Dr. Schunk, Ph.D. - April 28 at 6:00 p.m. and April 30 at 8:00 p.m.; 50th Anniversary, USC-B Graduation Replay - May 7 at 8:00 p.m.; and 3rd Episode of Coastal Kingdom: Salt Marsh- May 12 at 8:00 p.m.

Mr. Glaze arrived at 4:48 p.m.

Presentation / US Highway 278 Corridor Signal System

Mr. Colin Kinton, Traffic and Transportation Engineer, gave a PowerPoint presentation on the timing signal system improvements along the US Highway 278 Corridor. The project is part of a \$125,940 contract funded with federal earmarks specifically for US Highway 278 signal timing and improvements. Staff looked at 12 existing signalized intersections between Sun City and Moss Creek. The overall corridor length is approximately 10 miles. Part of the project was to develop a traffic responsive signal system. The County implemented these timings approximately one year ago and has been monitoring and fine tuning them ever since. It is not a static system. It is continually monitored. The project included a before and after traffic analysis to determine the results of the new timing system. Mr. Kinton displayed a map of the corridor.

Some of technology components implemented on this system include a full fiber optic networking system that brings all traffic signal information to the Traffic Management Center thereby providing real-time access to the signal system. This is server-based system and a computer server is monitoring and telling the signals what plans to run. A wireless system

detection system has been installed to monitor traffic volume, speed and density of traffic. It involves the installation of 77 little hockey pucks in the pavement. These pucks transmit wirelessly back to the controls and servers in Beaufort. It is a traffic responsive signal system. Video detection has been implemented in several locations. Video cameras are used to watch and measure traffic. An emergency vehicle preemption system has been implemented which allows fire and EMS to get out on the highway safely because the traffic signals are changing green. It is a radio-based system where fire and EMS vehicles transmit a radio signal to the intersection. The intersection picks up that radio signal and changes the timing. This reduces the amount of time it takes for them to reach an emergency. Street lighting has been added to signalized intersections to improve nighttime safety. The County has started adding pedestrian signals along US Highway 278. Pedestrian signals are installed at Burnt Church Road, Simmonsville Road and in the future Buck Island Road, Rose Hill and Buckwalter Parkway. In addition, staff is working with SCDOT and private developments along the Corridor to add in mast arms. To date, mast arms are at Sun City and Moss Creek and in the future at Buckwalter Parkway, Rose Hill and Buck Island Road. Mast arms bring some advantages to the corridor. Not only are they more aesthetically pleasing, as opposed to the typical wire and hanging signal, they are also designed for a much higher wind load. That translates to mitigation for hurricane evacuations and responses to damages. In addition, Traffic Management Center cameras monitor the Corridor.

The County has implemented 11 new timing plans. These plans operate during various times of the day, week and weekends. Two evacuation plans have been added that reduce officer time and exposure in traffic. Traffic responsive is a coordination based on the critical flow of traffic on the Corridor. It utilizes intersection traffic counts, 24-hour counts and travel times and delay studies. The wireless system detectors and video detectors installed on the corridor continually monitor the traffic flow. It sends the information to the server, the server measures flow and staff adjusts the timing plans based on those real-time conditions. It improves the efficiency of the signals while allowing them to be adjusted based on unintended traffic flows.

Staff has conducted before and after analyses. Several traffic runs occurred before implementation using the old time plans and then similar traffic travel runs occurred afterwards. Findings showed a 58% reduction in the average number of stops, an 11% reduction in average travel times, 51% reduction in total delays and between 4% to 17% reduction in Greenhouse Gases. This results in a benefit cost ratio of 22:1 and an annual savings of \$1,674,500 or approximately \$5,000,000 for three years. This is not just savings to Beaufort County. It is a savings to the driving public, who are saving time, gas and reducing emissions into the environment. It is also saving personnel time. Previously, any time there was a malfunction or public complaint on signals, staff would have to get into a truck, drive to the signal and make adjustments. Now that the entire system is tied back into the County system and working with the Traffic Management Center, staff can view what is going on and make adjustments to the signal system at the office.

Regarding progression and synchronization of signals relative to the 11 timing plans staff has implemented, they are based on the critical traffic flow by time of day, spacing of the traffic signals, speed limits and simulation. The speed limit is 55 mph from Sun City to Simmonsville

Road. From Simmonsville Road to Moss Creek it is 45 mph. Signal timing is based on those speed limits. If you go the speed limit, you should have very few delays through the system.

Mr. Kinton provided an overview of the signal operations. Over the past year, the County has been working with the City of Beaufort, SCDOT and Emergency Management Division to develop a partnership for the purpose of upgrading equipment, improving engineering management and operations, improving maintenance and sharing funding resources amongst the various agencies. Excluding Hilton Head Island, 70 traffic signals are maintained and managed countywide. One hundred percent of the signals in southern Beaufort County are networked. In northern Beaufort County only 5% are networked. In southern Beaufort County, the emergency preemption system (Bluffton Fire and EMS) covers 75% of the signals.

A list of the next projects include: Ribaut Road / Boundary Street Signal System Networking and retiming of the 15 signals on that Corridor. The northern Beaufort County Arterial Networking Plan involves the addition of 11 signals on key corridors. Hopefully, by this time next year, 70% of the signals in northern Beaufort County will be on the network. The County, in partnership with SCDOT, is looking to bring US 278 at I-95 traffic signal networking onto the County system. The County is looking to expand the wireless vehicle system detection with emergency management at Garden's Corner, SC Highway 802 and Ribaut Road. Expansion of the emergency pre-emption to Boundary Street and Ribaut Road is another project. This is an important corridor because of Beaufort Memorial Hospital as well as the commercial and residential development along those two roadways. Staff is getting ready in the next few months to provide mast arms at Bay and Carteret Streets, Ribaut Road at Lady's Island Drive and Bay Street at Charles Street.

Mr. Newton thanked Mr. Kinton for a job well done.

Achievement / Government Finance Officers Association (GFOA) Award

Mr. Gary Kubic, County Administrator, announced the Certificate of Achievement for Excellence in Financial Reporting has been awarded to Beaufort County by the Government Finance Officers Associate for our Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the government and its management. An award of Financial Reporting Achievement has been awarded to the Finance Department of Beaufort County.

Mr. Kubic expressed gratitude to Mr. David Starkey, Chief Financial Officer; Mr. Bryan Hill, Deputy County Administrator as well as the employees of the Finance and Staff Services Department who participated in getting the County's CAFR in order. Excellence comes sometimes very slow. It is a steady process. He realizes Council wanted this award and wanted better financial reporting as soon as we were able to produce it. He thanked Council for its patience and understanding. At times it came a little too slow, but he heard the message. Nevertheless, the challenge now, associated with this award, is to continue the standard year after year. Staff fully intends to do that.

Mr. Kubic thanked Mr. Hill and Mr. Starkey for their leadership in helping the County achieve this award.

Mr. Starkey presented the 2009 GFOA Award for the County CAFR. The Chairman accepted the awarded. Mr. Newton remarked what we do every day is about the publics' trust and confidence in government, as custodian of their money, and providing the services to the citizens of Beaufort County. He thanked Mr. Kubic for the outstanding work he and his administration has done.

Mr. Newton comment a constituent congratulated him on this award, but queried, "How can the County receive this award in the case of other county departments that are ongoing audits and investigations regarding monies stolen, misappropriation, lost, or whatever"? Mr. Newton was pleased to point that this body of 11 elected officials and its Finance Department just received this award. Those other areas that are subject of some question and concern are not under Council's scope and purview pursuant to state law, that they are separately elected Constitutional officers. To the extent the question was raised by a constituent, it is an appropriate response. Messrs. Starkey's and Hill's efforts, on behalf of the citizens of Beaufort County, received national accreditation, a national certificate, award and accolade. Those other ongoing concerns are not related to what you do in the financial accounting and reporting on behalf of the citizens of Beaufort County. Often, when there is any suggestion of any type of financial impropriety, or lack of reporting, or inaccurate reporting in the county Mr. Kubic's office gets painted with that brush. It is always appropriate and certainly in a time like this, to underscore that there are certain areas within the county, while labeled Beaufort County government, are not under the County Administrator's purview.

Mr. Baer said the CAFR is sort of a backward-looking document of how much we have spent and where we have been. There is a whole other attribute to Mr. Starkey's, Mr. Hill's and Mr. Kubic's work, *i.e.*, forward-looking radar. Council saw an example of that during the Capital Improvement Program (CIP) Work Session held April 22, 2010. Having accurate data to work with has been wonderful as Council tries to steer this wallowing ship. That has been an enormous improvement. It is much more than the CAFR. It is accurate forward-looking data that we should be applauding as well.

Mr. Starkey said achieving this award is definitely a team effort. He introduced Ms. Alisha Holland, newly-hired Financial Analyst. Alisha is a Clemson University graduate. She has a master's degree from Georgia State. She has been in public accounting five years and just passed the CPA exam. She is well versed in governmental non-profit accounting and will greatly enhance the Finance team going forward.

DEPUTY COUNTY ADMINISTRATOR'S REPORT

Mr. Bryan Hill, Deputy County Administrator, circulated copies of his Two-Week Progress Report, which summarized his activities from April 12, 2010 through April 23, 2010.

2011 Budget Concepts

Mr. Bryan Hill, Deputy County Administrator, said Mr. Kubic has tasked staff with the five-year budget concept. Council has tasked staff with ensuring we are able to balance our budget moving forward. Our way of doing business has changed every year. This is Mr. Hill's third budget presentation. The first had some bumps in the road because he, along with the Finance Team, had to understand the operation of Beaufort County. Council's request for a three-year budget plan is now a five-year plan. The key element is always having an understanding of what we do. This year staff provided a snapshot, a description of services, by each unit. Staff identified 600 levels of services Beaufort County provides. This snapshot is updated continuously throughout the next couple of months to ensure we are able to, or continue to, provide those services at the present level. If the levels of services change, that snapshot will serve as the basis for going forward. Each department has provided its goals and objectives looking out five years. Personnel requests total 30. All department heads reporting to the County Administrator met the target dates.

Council provided budget assumptions. Council has mandated a no millage increase. Staff is trying to develop a budget with a no millage increase for the third consecutive year. There is no growth in the millage. SC Association of Counties states there is growth of 2%. However, there is also a negative CPI of 1.8%. There is no cost of living in this budget proposal. The County has experienced limited vehicle purchase over the past two years and will continue that practice going forward. The County has maintained 30 vacant lines during FY 2009/2010. That margin has allowed us to balance our budget last year; and, hopefully, allow us to balance our budget this year. Regarding unfunded GASB liability, the County has closed the door on this unfunded liability -- any employee hired after July 12, 2009 will no longer benefit from health insurance subsidies after their 28th year. This unfunded liability is approximately \$3 million. Staff is going to run an actuarial study to see the exact numbers going forward and will attempt to do that every two years. Operating millage FY 2010 was 40.3 and FY 2011 operating will remain at 40.3. General obligation county debt is 5.75 mills (3.62 county and 2.13 rural and critical lands). Mr. Starkey's CIP presentation of April 22, 2010 calls for a 4 mill increase, which puts the millage somewhere in the range of 9.75 (2.13 mills rural and critical lands, 3.62 mills general obligation funds plus 4.0 mills). This budget also provides no fee changes in the current structure: property tax, building codes, Register of Deeds, State aid has dropped to less than 4% of our total budget, Parks and Leisure Services, Federal grants.

Budget challenges include a 9% increase, *i.e.*, a \$433 per employee (employer contribution) in group health insurance. Fuel and utilities are going up. Garage repairs are increasing due to the fact the County has stopped purchasing vehicles. In some instances we have allowed limited vehicle purchases. The longer the fleet is in the field, causes it to breakdown. Specialized auditing affects a few organizations within the county and it is anticipated to go on for some time. Outside funding has not yet been touched – Beaufort Memorial Hospital, higher education, etc.

FY 2010 assumptions. FY 2010 mandated 30 open lines. If the *status quo* is the desire, FY 2011 mandates 40 to 60 open lines. Staff will continue to balance the budget with vacant lines. Mr. Kubic is going to propose a semi-hiring freeze, obviously in the public safety area. Each new hire will occur on a case-by-case basis. The budget proposal includes the removal of \$250,000 of airport contribution. The ecology initiative is reduced, *i.e.*, a \$300,000 Ecology Department.

Staff will pursue more partnerships and grants. Staff is eagerly awaiting clean millage values. Once these values are received from the Auditor's Office, that document may rear its ugly head this fiscal year or next. Once we have clean mill values, staff will have a better understanding of where we are financially.

Mr. Kubic remarked Mr. Hill's presentation is the administrative side of a budget preparation. We totally understand, we fully expect, and we want Council to understand how we developed this initiative because you will have a series of weeks wherein you will be able to analyze what we bring forward. It is a plus and minus process predicated on your debate, vision and objectives. In a budget process we have to make certain assumptions to create a beginning and that is that we have done. This year we have successfully managed a vacancy factor of 30. In order to make up the lack of new revenue, either by growth of millage or traditional fees that we collect and counted on that are no longer part of our current economy, we unfortunately have to look to the category, which is our largest expenditure, payroll. Hence, the reason for the semi-hiring freeze. The factor, in terms of a numeric value, however, is monitored on a daily function by the Finance Department as well as the revenues collected against the expenditures made on a per diem basis. It is our way of making sure we spend less than what we bring in. We do that each and every day. The area of airport contribution, in terms of the \$250,000, has been taken out of the budget. This will allow us to go forward if and when we finally get the tree bidding in and we now understand and realize what our local match will be. The \$250,000 can be put back in, or a portion or left untouched. Regarding the reduced ecology initiatives, last year's budget included \$300,000. In about three weeks Mr. Kubic will have completed a business plan for the division associated with the Planning Department. We have spent between \$25,000 and \$40,000 in the process. But more importantly, he has had a series of more than 10 to 12 meetings with various biologists, marine biologists, PhDs associated with SCDOT from Columbia and Charleston as well as some private sector individuals to format a program of water quality control that has several aspects associated with it. The plan will unfold and a combination of last year's appropriation with a limited appropriation this year, once Council agrees to the plan, we can move forward with it. Tomorrow, April 27, staff is going to try to evaluate the mill value. Last year there was a great deal of confusion associated with this number. In fact, everybody was blaming Mr. Starkey for producing an estimate and everybody counted on the estimate. The County does not count on an estimate of 100%. If the value of a millage is estimated to be \$1.00, our budgeting process is somewhere around 94 cents to 95 cents. We discounted going in. We are suggested to each and every entity that when they get this clean number to weigh heavily on the side of caution and be conservative in their projections. You can always go up, but it is hard to go backwards. There is a lot of effort involved in telling Council exactly what we do. Mr. Hill has cost control centers that are very numerous, but are all designed to let you know how we spend the taxpayers' dollars. It took a lot of work on Mr. Hill's part. It is going to be a great tool. We are obviously going to look at the larger cost centers because that is where the majority of funds are spent. It also gives you an idea of some of the nuances and little things that we do as well that are equally important depending upon whether you are a recipient of those small services. That is important to those folks.

Mr. Newton referred to two of the budget assumptions, i.e., removal of the airport contribution of \$250,000 as well as the ecology initiatives. Both of these items were adopted as part of our Strategic Plan 2010. The first goal Council identified at its retreat is a financially sound county

providing quality core services efficiently. One of our policy agenda 2010 high priorities is alternative county revenues / fees update. That specifically led to Mr. Baer's comments about opportunities for potential fees. That is timely. We ought to begin, recognizing staff is making a budget assumption, regarding that amount. The second budget assumption is about the ecology initiative. It is one of our policy items under goal number 2. With the \$300,000 from the previous year and a limited amount this year, was to establish and staff a Water Quality Office. Maybe the business plan recognizes how that can be achieved with reduced funding. All of this is a balancing act as we go forward.

Mr. Kubic said the budget process encompasses five years. Regarding the ecology department, we are looking at developing a business plan, projecting a five-year program and combining last fiscal year's \$300,000 and with a limited amount this year. When you introduce a new project, you take a look at the starting date, and then you project what it is going to take for the out years and the number of years you want. Mr. Kubic's assumption is that once you create this ecology department it will be absorbed as an ongoing division year, after year, after year.

Mr. Baer referred to the CIP projects list Council was given during the April 22, 2010 work session. They are kind of scary. He really appreciates the hard work and good work that has gone into the operations part to keep the numbers down. But if we do not keep an equal handle on the CIP part, we are going to see a significant rise in taxes. That is not even counting what the School District is going to show us at the April 27, 2010 Finance meeting. Some of Mr. Baer's projections of total taxes are going to be big numbers. All the taxpayer sees is total tax increase. They do not care if it is County or School District operations. We have to be disciplined in dealing with the CIP issue as well.

Mr. Newton said FY 2011 budget assumes certain dollars coming from both local accommodations tax and hospitality tax dollars recognizing that many of the services the county provides are for a service population, or tourist population, that does not otherwise own property in Beaufort County or live here. Absent those dollars would require a millage increase. Those are perhaps worthy to note in the budget assumptions.

Ms. Von Harten supports a slight millage increase to cover specialized auditing cost. Mr. Hill replied staff will make sure this budget challenge does not impact the general fund.

Mr. McBride does not recall Council having request staff to prepare a FY 2011 budget with a no millage increase.

Mr. Rodman commented we have actually come a long way in our budgeting process. We are we are not only looking out further, we are getting the detail sooner. There is higher degree of trust in the numbers. Any Council member can spend time with staff to understand the details of the numbers. Council did not actually mandate a no millage increase, but in reality Council compliments staff for being out ahead of the power curve two years ago looking at a no millage increase. It is a very worthy goal we are striving for relative to this year -- a very, very tough situation. Regarding the budget challenges, we have spoken before about services provided to the less fortunate as well as those with special needs where historically a lot or a portion of that money has come from state funding. The state is in such dire shapes those funds are being cut

more and in higher percentage. Some of that may fall to us and we may to do it from a compaction standpoint. On the airport piece, Mr. Rodman views that more of being in the budget challenges category about how we finance the airport.

Mr. Rodman commented on the bonds and earned interest. What are the restrictions? Are we restricted to using that money just for new projects or can we use that money for debt service?

Mr. Starkey replied interest earned on monies borrowed can be used for projects or used in debt service. At this point, the interest earned monies have been into contingencies. That interest actually needed to keep up with inflation at that point in time. Going forward there was about a 10% contingency. Based on the trends he has seen, this money needs to stay in contingency, based on the fact most projects have seen have gone a little over budget. That is a safe contingency to have at this moment.

Mr. Rodman said if there are any projects identified that for some reason are delayed or removed, perhaps that would provide some funding that could go to reduce that millage increase. It is something worth understanding as we go forward.

Mr. Stewart comment we always hear a lot about the funding the School District is not getting from the state. The money the County is getting from the state is down to 4% of our operating budget. We have never really highlighted how much the County is losing from state aid to government. That would be an interesting number to have, understanding how we are losing monies, and having to make it up and at the same we are able to balance the budget or keep a no millage increase. That would be interesting for the public to understand.

Mr. Starkey will look into the trend analysis. The way those gaps have been plugged, essentially, has been by watching our expenditures.

AMENDMENT TO THE VILLAGE AT LADY'S ISLAND PLANNED UNIT DEVELOPMENT (PUD) TO EXTEND THE SUNSET DATE TO JANUARY 1, 2011

This item comes before Council under the Consent Agenda. It was discussed and approved at the April 5, 2010 Natural Resources Committee meeting.

It is was moved by Mr. McBride, seconded by Mr. Caporale, that Council approve on first reading an amendment to the Village at Lady's Island Planned Unit Development to extend the sunset date to January 1, 2011. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, and Mr. Sommerville. The motion passed.

TEXT AMENDMENTS TO CHAPTER 14, ARTICLE II, ANIMAL CONTROL ORDINANCE (Rewrite of Ordinance)

This item comes before Council under the Consent Agenda. It was discussed and approved at the March 1, 2010 Public Safety Committee meeting.

It is was moved by Mr. McBride, seconded by Mr. Caporale, that Council approve on third and final reading text amendments to Chapter 14, Article II, Animal Control Ordinance (rewrite of ordinance). The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

SELECTION OF ARCHITECTURAL FIRM FOR DESIGN AND DEVELOPMENT OF THE ST. HELENA LIBRARY AT PENN CENTER

For the record Mr. Baer said this is a good project. He is going to vote for the architect's contract, but there are a couple of points that need to be made, especially since this project will impact everyone's taxes. Two weeks ago staff added \$1million to this project so that there are now \$6 million of taxpayer funds involved rather than the \$5 million originally budgeted. That action involved a co-mingling of funds on several projects, and other assumptions. A transparent explanation of this was not provided by staff, nor has it been provided to date. Mr. Baer respects staff's wisdom and has not pushed on this yet. But, we are about to start tax rate planning, which will place an impact on every taxpayer for this additional funding. The full explanation needs to be provided rapidly.

Mr. Baer is hoping that we finally get to see realistic cost estimates for this project and how they compare with available funds. His analysis, shown in the minutes of the April 19, 2010 Public Facilities Committee, indicate that the stated size goals cannot be accomplished with the budget available. The difference is in the order of \$1 million to \$2.5 million additional dollars that will be needed, beyond the \$5 million taxpayers put in several years ago, the additional \$1 million that taxpayers put in two weeks ago, and \$4 million in hoped for grants. *The Island Packet* this Sunday April 25, 2010 published an article by County Library Staff with yet another version of funding. The sooner we, on Council, are given a full, accurate, and internally consistent picture of costs and funding, the better.

Mr. Caporale clarified the funding source is \$8.5 million USDA/loan package (\$6 million loan, \$2.5 million USDA grant) and \$1.5 million Community Enrichment Grant.

It was moved by Mr. Glaze, as Public Facilities Committee Chairman (no second required), that Council award a design contract to Liollo Architecture for the design of the St. Helena Island Public Library at Penn Center in the amount of \$1,211,637 (variable design fee based on building size \$585,750; fixed design fees \$625,887) as funded by the utilization of \$8.5 million USDA grant/loan package (\$6 million loan, \$2.5 million USDA grant) and \$1.5 million Community Enrichment Grant (CDBG) as described on Resolution 2010-9. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

The Chairman passed the gavel to the Vice Chairman to receive committee reports.

COMMITTEE REPORTS

Finance Committee

Mr. Rodman, as Finance Committee Chairman, said Mr. Newton mentioned today a possible use of some hospitality tax funds and local accommodations tax funds should be properly considered at this time for infrastructure type of investments. It would be useful for Council if staff agrees to include those dollars as we look at the CIP items since they are kind of like capital expenditures and we may end of up mixing payments on them. The airport capital funds might very well be looked at the same way.

Natural Resources Committee

Historic Preservation Review Board

Rosalyn Browne

The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. Mrs. Browne, representing St. Helena Island, garnered the six votes required to serve as a member of the Historic Preservation Review Board.

Planning Commission

Charles Brown

The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. Mr. Charles Brown, representing Comprehensive Plan Planning Area Sheldon Township, garnered the six votes required to serve as a member of the Planning Commission.

Public Safety Committee

Lady's Island / St. Helena Island Fire District

The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. Col. David Townsend, representing Lady's Island, garnered the ten votes required for reappointment to serve as a member of the Lady's Island / St. Helena Island Fire District. This reappointment is subject to the Governor's approval.

PUBLIC HEARING

AN ORDINANCE TO AMEND CHAPTER 18 OF ARTICLE III (BUSINESS AND PROFESSIONAL LICENSE)

Mr. Rodman, as Finance Committee Chairman, said members started a couple of months ago to look at the text changes to four different ordinances. Three of them Council dispensed with fairly quickly. Regarding the business license ordinance, members asked for input from the

Chambers of Commerce. Mrs. Ungaro led the effort of getting all of those comments together. Committee has gone through a process debating back and forth the changes. Everybody is pretty much in agreement with those with the exception of one or two changes that were brought up at the April 12, 2010 Council meeting. We will take a look at those issues before Council considers the ordinance at third and final reading. The final reading will probably coincide with third and final reading of the FY 2011 budget.

The Chairman opened a public hearing at 6:02 p.m. for the purpose of receiving information from the public on an ordinance to amend Chapter 18 of Article III (Business and Professional License). After calling once for public comment, the Chairman recognized Mrs. Carlotta Ungaro, President and CEO of the Beaufort Regional Chamber of Commerce, who thanked Council for inviting the Chambers of Commerce to participate in this process. The ordinance was vetted through the Chambers Small Business Committee working with the Hilton Head / Bluffton Chamber and Black Chamber. The chairman of the Small Business Committee is head of the Small Business Development Center of South Carolina (SC SBDC) so we had their input as well. The Beaufort Regional Chamber Board of Directors took a position asking Council to consider a microloan program with revenues from the business license tax. Council has discussed using funds from business license fees to provide support for businesses. An option would be to use a portion of the fees to establish a microloan program for Beaufort County businesses to tap into.

After calling twice more for public comment and receiving none, the Chairman declared the hearing closed at 6:05 p.m.

The Vice Chairman passed the gavel back to the Chairman in order to continue the meeting.

PUBLIC COMMENT

There were no requests to speak during public comment.

ADJOURNMENT

Council adjourned at 6:06 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST: _____
Suzanne M. Rainey, Clerk to Council

Ratified:

**OFFICE OF THE COUNTY ADMINISTRATOR
COUNTY COUNCIL OF BEAUFORT COUNTY**

GARY KUBIC
COUNTY ADMINISTRATOR

CHERYL HARRIS
EXECUTIVE ASSISTANT

ADMINISTRATION BUILDING
100 RIBAUT ROAD
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BEAUFORT, SOUTH CAROLINA 29901-1228
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www.bcgov.net

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL
STAFF ATTORNEY

**COUNTY ADMINISTRATOR'S REPORT
Monday, May 24, 2010
County Council Chambers, Administration Building**

INFORMATION ITEMS:

- The County Channel / Broadcast Update: Coastal Kingdom: Salt Marsh / Third in the Series
- Two-week Progress Report (Enclosure)



Memorandum

DATE: May 21, 2010
TO: County Council
FROM: Gary Kubic, County Administrator
SUBJ: County Administrator's Progress Report

The following is a summary of activities that took place May 10, 2010 through May 21, 2010:

May 10, 2010

- Finance Committee meeting
- County Council meeting

May 11, 2010

- Meeting with Mr. John Salazar, Associate Professor of Hospitality, USCB
- Staff meeting re: Butler property
- Annual Emergency Management Hurricane Planning Session

May 12, 2010

- Meeting with Attorney Walter Nester of McNair Law Firm, and Jim Curry, Vice President, Village at Battery Creek, Columbia, SC

May 13, 2010

- Interview / WSAV-TV

May 14, 2010

- Meeting with Andrew Fulgham, Jasper County Administrator. and Kim Statler, Executive Director of Lowcountry Economic Network re: Beaufort Commerce Park
- Natural Resources Committee meeting

May 17, 2010

- Finance Committee meeting
- Community Services Committee meeting

May 18, 2010

- Monthly meeting with County Assessor Ed Hughes
- County / Town of Bluffton meeting

COUNTY COUNCIL

May 21, 2010

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May 19, 2010

- **Agenda review meeting**
- **Meeting with Ms. Ann Bluntzer, Executive Director, Beaufort County Open Land Trust re: Rural and Critical Land Program**
- **Hilton Head Island Airport Master Plan Update Presentation at Hilton Head High School Performing Arts Center**

May 20, 2010 (County Administrator Bluffton Office Hours)

- **Meeting with Chairman Weston Newton and Nancy Schilling re: River Smart project**

May 21, 2010

- **Staff meeting re: tax bills**
- **St. Helena Library planning meeting**



Memorandum

DATE: May 21, 2010
TO: County Council
FROM: Bryan Hill, Deputy County Administrator
SUBJECT: Deputy County Administrator's Progress Report

The following is a summary of activities that took place May 10, 2010 thru May 21, 2010:

May 10, 2010 (Monday):

- School District Budget Preliminary Meeting
- Finance Committee Meeting
- County Council

May 11, 2010 (Tuesday):

- USDA Grant Status Meeting/Penn Center/St. Helena Library Project
- Meet with Arthur Cummings, Building Codes

May 12, 2010 (Wednesday):

- Meet with Dick Farmer, Sue Rainey and Edra Stephens re: Accommodations Tax Schedule
- Attend St. Helena Library Discussion
- Attend DRT

May 13, 2010 (Thursday):

- Meet with David Hughes re: St. Helena Library
- Attend Benefit Consultant Interview

May 14, 2010 (Friday):

- Meet with Ed Hughes

May 17, 2010 (Monday):

- DA Meeting
- Meet with Gary Kubic, Robert McFee, David Starkey and Robert Klink re: Building Analysis
- Finance Committee Meeting
- Community Services Committee Meeting

May 18, 2010 (Tuesday):

- Meet with William Winn re: Building Codes
- Meet with Robert McFee re: Engineering
- Conference all with Gary Kubic, David Starkey, Ed Hughes and Tony Criscitiello re: County Web Page
- SCDDSN Meeting & IRS Requirements
- Attend PALS Meeting in Bluffton on behalf of Morris Campbell

May 19, 2010 (Wednesday):

- Agenda Review
- Work on Budget

May 20, 2010 (Thursday)--Bluffton:

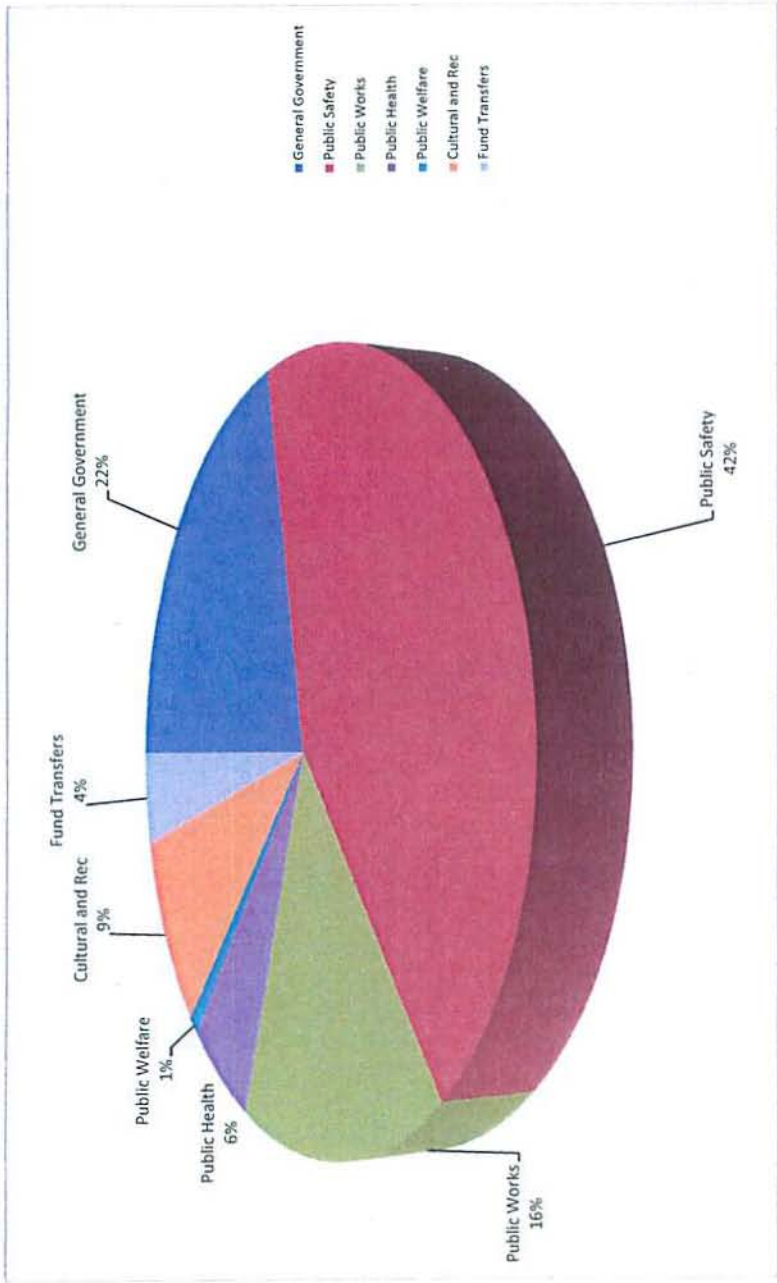
- Meet with Scott Liggett, Town of Hilton Head Island
- Bluffton Hours

May 21, 2010 (Friday)--Bluffton:

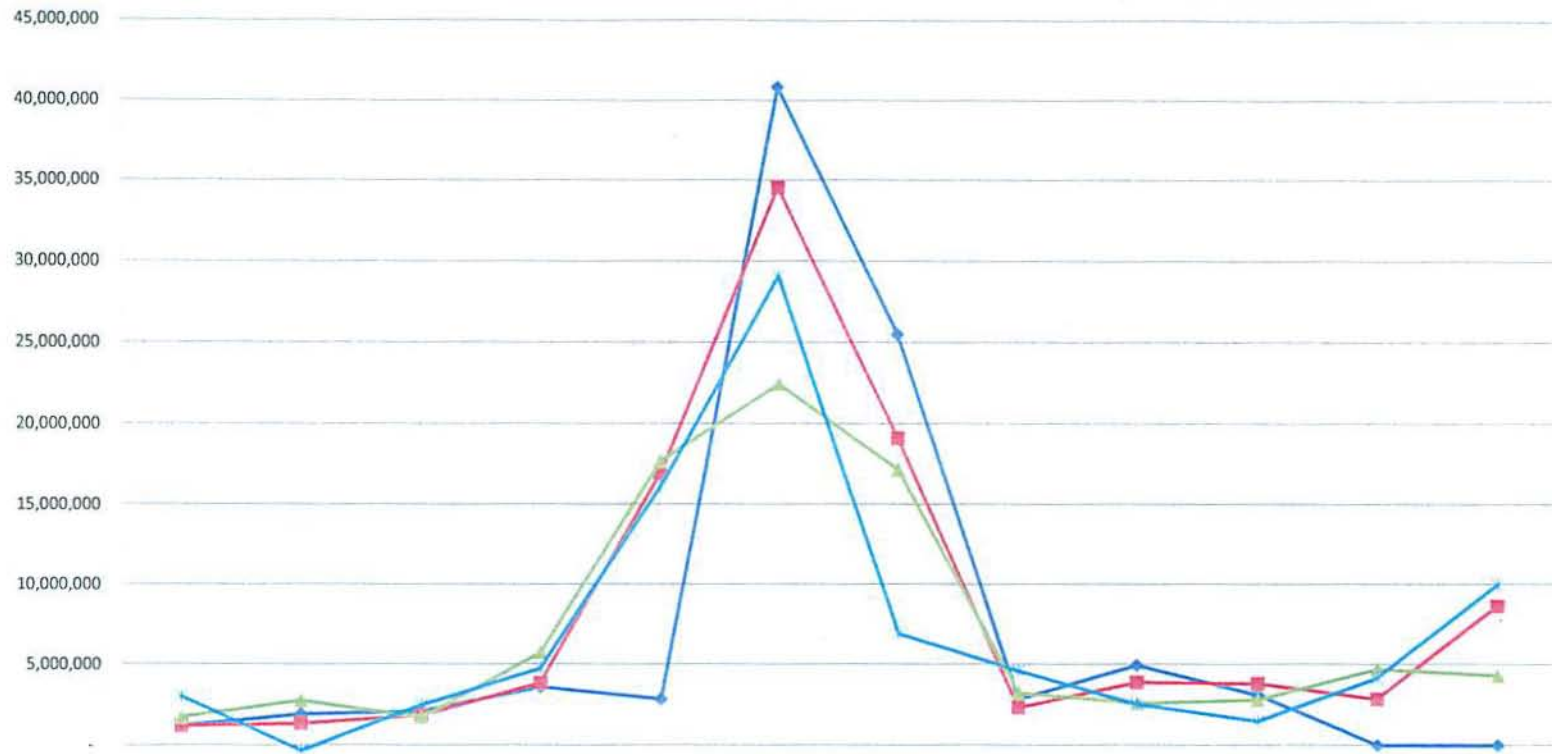
- Bluffton Hours

			Actual to date	Budget	Budget	Budget	Budget	Budget
	Organization	ORG.	2010	2010	2011	2012	2013	2014
41***	Taxes	41	(70,366,283)	(78,875,528)	(79,985,015)	(81,984,640)	(84,034,256)	(86,135,113)
42***	Licenses/Permits	42	(1,481,085)	(2,783,000)	(2,501,000)	(2,563,525)	(2,627,613)	(2,627,613)
43***	Intergovernmental	43	(4,767,457)	(6,935,952)	(7,686,826)	(7,878,997)	(8,075,972)	(8,075,972)
44***	Charges for services	44	(9,003,738)	(10,372,264)	(10,637,150)	(10,903,079)	(11,175,656)	(11,175,656)
45***	Fines & Forfeitures	45	(965,887)	(850,150)	(1,035,850)	(1,061,541)	(1,088,080)	(1,088,080)
46***	Interest	46	(119,664)	(790,000)	(190,000)	(194,750)	(199,619)	(199,619)
47***	Miscellaneous	47	(571,852)	(523,670)	(760,000)	(779,000)	(798,475)	(798,475)
48***	Other Finance Sources	48	(1,350,782)	(3,090,407)	(1,396,395)	(1,431,305)	(1,467,087)	(1,467,087)
	Revenue		(88,626,749)	(104,220,971)	(104,192,036)	(106,796,837)	(109,466,758)	(111,567,614)
Newton	Council	11000	561,059	732,348	697,034	769,338	777,853	777,107
Burris	Auditor	11010	570,881	623,751	619,334	643,433	658,283	673,503
Logan	Treasurer	11020	730,063	776,093	603,347	612,852	628,173	643,878
Roseneau	Clerk of Court	11030	837,093	1,101,881	1,022,142	707,156	724,835	742,956
Roseneau	Clerk of Court	11031	298,469	399,268	284,312	261,655	270,801	280,268
Simon	Probate	11040	747,515	880,961	907,973	935,182	958,380	982,970
Allen	Coroner	11060	317,588	400,249	370,702	521,829	292,906	292,906
Smith	Magistrate	11100	34,164	76,928	0	0	0	0
Smith	Magistrate	11101	597,737	781,023	653,201	667,545	684,234	701,340
Smith	Magistrate	11102	465,105	631,248	508,717	556,861	570,783	585,052
Smith	Magistrate	11103	56,725	55,156	75,202	77,993	79,943	81,942
Smith	Magistrate	11104	73,434	83,029	87,648	90,011	92,261	94,568
Smith	Magistrate	11105	75,075	86,795	91,062	97,900	100,347	102,856
Smith	Magistrate	11106	70,042	78,004	90,215	95,833	98,229	100,684
Dukes	Master in Equity	11110	273,173	303,923	340,089	372,629	381,403	390,397
Starkey	General Government Subsidies	11199	1,456,814	1,325,462	1,277,962	1,277,962	1,277,962	1,277,962
Kubic	County Administrator	12000	617,138	619,562	582,833	593,099	603,763	615,494
Criscitiello	Housing	12003	14,276	0	0	0		
Kubic	PIO	12005	326,997	263,824	101,223	146,778	148,713	151,164
Kubic	Broadcast Services	12006	0	0	196,571	243,891	280,915	240,844
Kubic	Staff Attorney	12010	484,948	576,084	586,342	587,937	589,572	591,248
Starkey	Internal Audit	12015	98,459	107,351	113,110	113,635	115,886	118,181
Newton	Public Defender	12020	0	0	0			
Campbell	Voter Registration	12030	559,172	727,566	761,910	792,721	763,405	754,859
Campbell	Voter Registration	12031	-1,050	0	0			
Hughes	Assessor	12040	2,157,854	2,562,392	2,518,948	2,588,891	2,664,182	2,835,408
Hughes	Register of Deeds	12050	506,085	588,307	544,473	627,083	614,978	650,161
Starkey	Risk Mgmt	12060	115,486	136,573	133,667	143,998	168,081	171,208
Herbkersman	Delegation	12080	73,936	84,813	85,229	84,592	86,707	88,875
Criscitiello	Zoning	13330	211,633	253,330	253,205	262,528	268,700	275,038
Criscitiello	Planning	13340	756,465	858,469	807,966	901,011	923,406	947,041
Criscitiello	Planning (Comp Plan)	13341	131,318	140,000	238,175	227,920	53,000	30,000
Hughes	GIS Map	13350	545,376	545,165	574,138	889,185	593,794	608,953
Campbell	Community Service	14000	154,568	257,171	256,139	269,278	273,180	277,179
Kubic	Staff Services	14010	409,884	415,582	427,599	477,260	486,444	495,857
Gregory	Employee Services	14020	851,088	805,564	878,168	1,007,192	1,007,225	1,007,258
Anderson	Records Management	14030	180,858	247,213	259,796	143,821	148,137	152,582
Starkey	Finance	15010	500,422	541,492	627,004	707,146	723,279	739,816
Starkey	Purchasing	15040	232,200	267,769	269,230	294,713	300,671	306,778
Starkey	Business License	15050	435,540	609,026	469,703	652,415	657,414	662,536
Anderson	MIS	15060	2,287,927	2,493,052	2,547,102	2,587,976	2,588,007	2,588,038
Anderson	MIS	15061	1,128	1,128	0	0	0	0
McFee	Public Works	17000	229,769	275,503	233,636	234,865	240,736	246,755
Tanner	Sheriff	21051	6,191,057	7,117,805	7,495,908	7,870,703	8,264,239	8,677,450
Tanner	Sheriff	21052	10,481,326	12,050,776	12,162,022	12,770,123	13,408,629	14,079,061
Tanner	Sheriff	21053	0	0	0	0	0	0
Tanner	Sheriff	21055	1,304,586	1,510,155	2,030,621	2,132,152	2,238,760	2,350,698
Winn	Emergency Management	23140	620,776	737,602	683,030	731,832	750,686	764,004
Winn	Emergency Management	23141	0	0	0			
Winn	Emergency Management	23142	5,322	5,574	224,451	234,434	240,743	246,682
Winn	Emergency Management - Comm	23150	3,807,084	4,534,434	4,575,607	4,721,783	4,872,003	4,943,292
Winn	Emergency Management - DATA	23155	686,072	1,009,725	1,053,551	1,166,643	1,199,359	1,208,733
Winn	EMS	23160	5,443,528	6,346,528	6,690,651	7,612,725	7,781,866	7,983,638
Winn	Detention Center	23170	5,957,012	6,779,845	6,690,945	7,236,252	7,487,968	7,593,223
McFee	Traffic-Signal Management	23322	272,257	340,592	393,570	554,673	564,801	551,815
McFee	Traffic-Signal Management	23323	126,974	0	0	554,673	564,801	551,815
Criscitiello	Building Codes	23360	1,168,307	1,321,593	1,198,380	1,293,562	1,321,512	1,350,179
McFee	Facilities Management	33020	2,029,380	2,206,189	2,133,960	2,540,496	2,686,109	2,691,450
McFee	Bldg Facilities Maint	33030	896,056	1,100,072	1,116,791	1,255,966	1,287,789	1,381,082
McFee	Grounds North	33040	1,183,961	1,562,730	1,335,957	1,686,404	1,691,610	1,768,089
McFee	Grounds South	33042	1,018,125	1,199,436	1,168,477	1,313,663	1,405,307	1,357,067
McFee	Public Works General	33300	887,965	1,042,976	882,639	1,113,253	1,202,826	1,048,760
McFee	Public Works Roads North	33301	931,389	1,141,909	1,107,909	1,569,702	1,593,442	1,527,393
McFee	Public Works Roads South	33302	634,168	776,984	746,632	1,004,007	866,315	962,097

			Actual to date	Budget	Budget	Budget	Budget	Budget
	Organization	ORG.	2010	2010	2011	2012	2013	2014
McFee	Public Works Admin	33305	331,850	400,445	567,394	441,317	472,129	459,869
McFee	Engineering	33320	399,847	552,111	718,474	1,207,522	1,237,166	1,265,513
McFee	SWR- Adm	33390	5,354,654	5,506,067	5,549,178	5,828,846	6,070,569	6,277,558
McFee	SWR- Beaufort	33391	0	0	0	0	0	0
McFee	SWR- Port Royal	33392	0	0	0	0	0	0
McFee	SWR-HHH	33393	92,229	109,360	118,092	114,989	117,877	120,842
McFee	SWR- Bluffton	33394	142,528	167,747	165,349	170,657	174,921	179,297
McFee	SWR-Burton	33395	136,317	136,528	136,374	139,797	143,343	146,985
McFee	SWR-Ladys Isl (7)	33396	34,252	52,232	54,030	55,395	56,798	58,239
McFee	SWR- St. Helena (8)	33397	129,354	183,636	195,867	190,515	195,315	200,245
McFee	SWR- Sheldon	33398	97,353	113,504	164,704	117,656	120,689	123,808
Winn	Animal Shelter	43180	798,894	925,516	898,471	1,035,940	1,045,478	1,071,403
Winn	Mosquito Control	43190	1,597,710	1,787,846	1,657,256	1,973,055	2,125,906	2,110,491
Kubic	Environmental Sciences	43195	5,000	300,000	100,000	300,000	300,000	300,000
Starkey	Public Health Subsidy	44199	2,533,391	2,613,567	2,586,045	2,586,045	2,586,045	2,586,045
Campbell	Veterans	54050	178,055	232,859	234,809	240,832	247,009	253,346
Campbell	Social Services	54060	174,033	247,355	219,450	219,450	248,866	255,295
Campbell	Public Welfare	54299	480,820	484,000	484,000	484,000	484,000	484,000
Campbell	PALS-Admin	63310	358,620	361,931	418,870	469,912	484,897	499,053
Campbell	PALS-summer	63311	98,026	212,172	141,508	218,222	218,572	218,922
Campbell	PALS-Aquatics	63312	1,047,408	1,108,581	1,220,548	1,343,648	1,352,162	1,378,261
Campbell	PALS-HH	63313	77,916	80,000	80,000	80,000	80,000	80,000
Campbell	PALS-Bluffton	63314	809,065	869,561	905,385	1,027,178	1,052,800	1,079,168
Campbell	PALS-Athletic Programs	63316	425,343	663,993	676,384	815,170	796,590	806,609
Campbell	PALS-Rec Centers	63317	773,046	1,056,565	1,029,475	1,172,166	1,292,526	1,173,817
Campbell	Library Admin	64070	811,263	911,960	929,106	895,429	917,674	942,226
Campbell	Library Beaufort	64071	587,521	714,426	723,416	735,725	754,169	790,501
Campbell	Library Bluffton	64072	685,646	795,117	816,815	836,511	856,547	901,169
Campbell	Library Hilton Head	64073	621,457	780,974	728,245	744,739	760,719	803,341
Campbell	Library Iobeco	64074	184,326	229,950	224,237	228,427	235,452	252,410
Campbell	Library St. Helena	64075	78,766	100,279	108,209	54,105		
Campbell	Library St. Helena	64076	0	0	0	750,000	768,750	787,969
Campbell	Library Technical Services	64078	756,262	879,564	733,553	919,824	944,778	980,045
Campbell	Library SC Room	64079	97,480	114,350	118,499	121,522	124,559	129,987
Starkey	General Funds Transfers	99100	3,862,487	4,212,148	3,983,785	3,983,785	3,990,197	3,990,197
	County General Fund Budget		86,552,680	99,402,324	99,475,736	109,131,538	111,581,856	114,026,796
Starkey	Education Allocation	64399	4,716,300	4,716,300	4,716,300	4,716,301	4,716,300	4,716,300
	Total County Budget		91,268,980	104,118,624	104,192,036	113,847,839	116,298,156	118,743,096

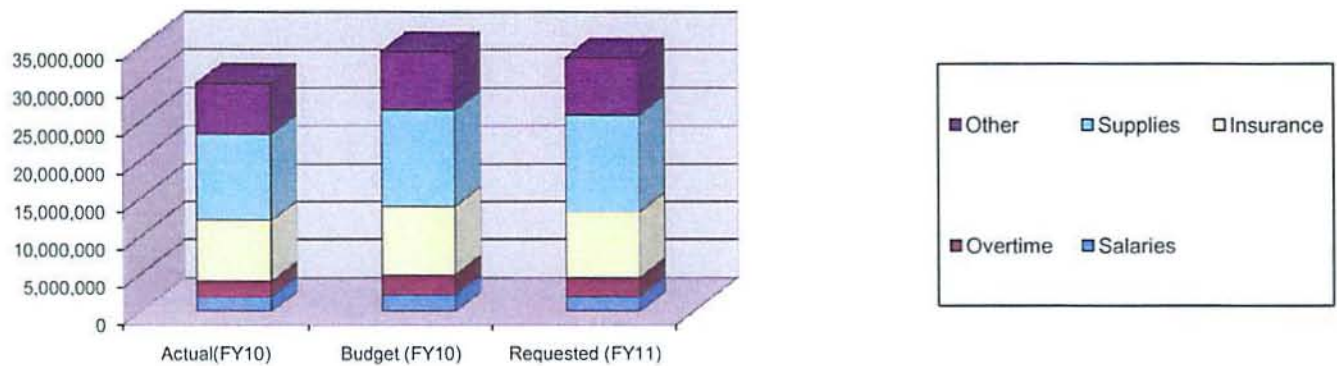


Revenue by Month

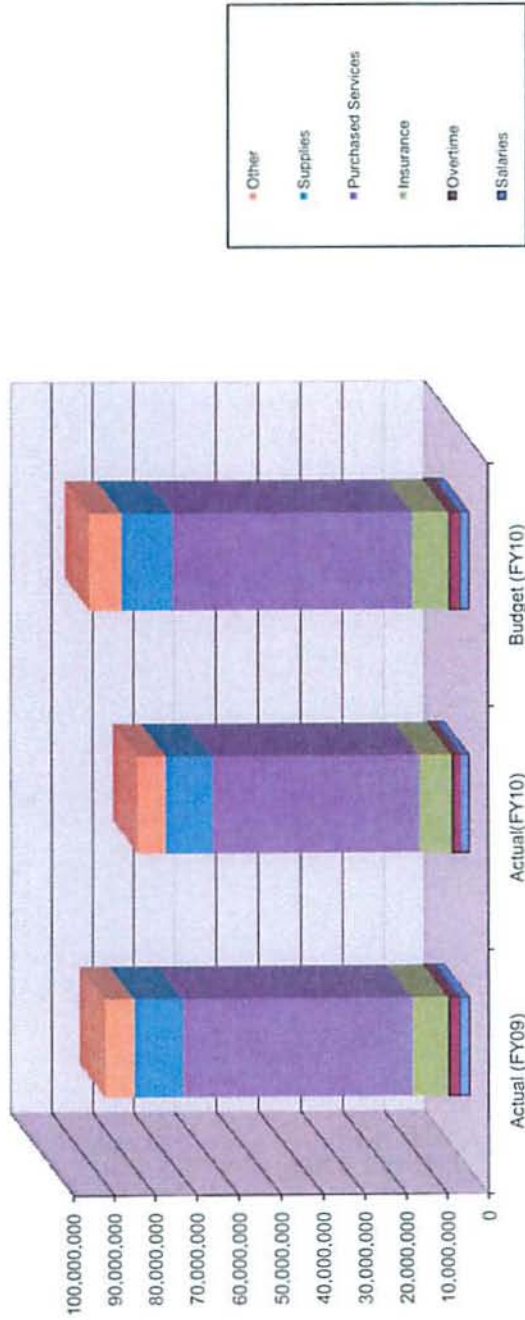


(5,000,000)	July	August	September	October	November	December	January	February	March	April	May	June
— FY-10	1,145,948	1,874,543	2,067,850	3,575,105	2,818,215	40,822,680	25,491,530	2,820,570	4,926,563	3,083,745		
— FY-09	1,164,435	1,309,760	1,819,220	3,820,287	16,908,512	34,533,913	19,094,069	2,289,938	3,865,255	3,783,944	2,829,115	8,624,682
— FY-08	1,698,094	2,734,222	1,681,215	5,699,121	17,674,556	22,418,973	17,140,701	3,219,137	2,587,298	2,800,605	4,688,608	4,306,978
— FY-07	2,990,897	(349,605)	2,464,185	4,737,150	16,090,906	29,067,912	6,891,120	4,587,004	2,545,114	1,478,152	4,162,730	9,968,334

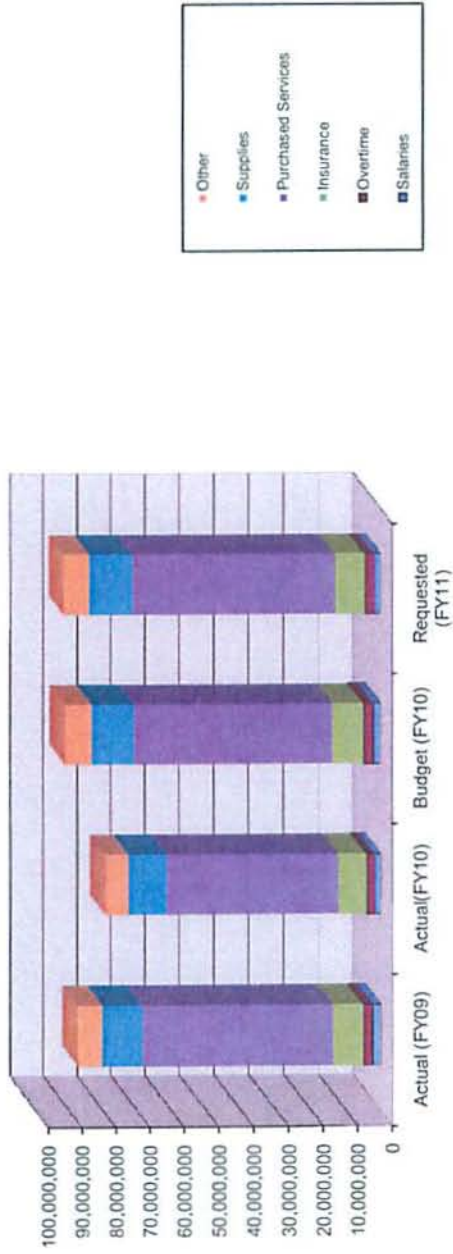
Beaufort County Budget by Category



Expenditure by Category Budget to Actual



Comparison of Expenditures
FY-09-FY11





**COUNTY COUNCIL OF BEAUFORT COUNTY
PURCHASING DEPARTMENT**

Building 2, 102 Industrial Village Road
Post Office Drawer 1228, Beaufort, SC 29901-1228
Phone: (843) 470-2735 Fax: (843) 470-2738

TO: Paul Sommerville, Chairman, Natural Resources Committee

VIA: Gary Kubic, County Administrator *G.K.*
Bryan Hill, Deputy County Administrator *BH*
David Starkey, Chief Financial Officer *DS*

FROM: Dave Thomas, CPPO, Purchasing Director *DT*

SUBJ: RFQ # 3918/100235 Rural and Critical Lands Preservation Program Consulting Services for Beaufort County

DATE: April 29, 2010

BACKGROUND: Beaufort County issued Request for Qualifications (RFQ) to firms capable of providing Rural and Critical Lands Preservation Program Consulting Services for Beaufort County. The consultant shall provide staff support and assistance with the acquisition of land and conservation easements pursuant to the Program. The consultant will utilize its experience and contacts in real estate, negotiations, natural resource preservation, stewardship skills and other expertise to assist Beaufort County and the Rural and Critical Lands Board in planning, coordinating with other organizations to implement the Program. The evaluation committee consisted of the following Beaufort County Staff: Ladson Howell, Staff Attorney, Ed Hughes, Assessor, Dan Morgan, GIS Director, Dave Thomas, Purchasing Director. The evaluation committee interviewed the top three firms and selected Beaufort County Open Land Trust as the number one ranked firm. Beaufort County Open Land Trust is a local firm and provided the best approach at a fair and reasonable price.

FINAL EVALUATION RANKING:

- 1 Beaufort County Open Land Trust, Beaufort, SC
- 2 Conservation Consulting Company, HHI, SC
- 3 Nexsen Pruet, HHI, SC
- 4 Dennis Corporation, Mount Pleasant, SC
- 5 Argent Realty, Bluffton, SC

FUNDING: Account # 11209-51160 Professional Services

RECOMMENDATION: The Natural Resources Committee approve and recommend to County Council the contract award to Beaufort County Open Land Trust for Rural and Critical Lands Preservation services, the top ranked firm, with the anticipated cost per year of \$144,000 for an initial contract term of one (1) year with four (4) additional one (1) year contract renewal periods all subject to the approval of Beaufort County.

cc: Staff Attorney, Richard Hinline, Elizabeth Smith

Award Recommendation for Natural Resources Meeting, June 7, 2010	
Project:	RFQ #3918/100235 Rural and Critical Lands Preservation Program Consulting Services for BC
Number of Proposals:	5
Bidder/Proposer Recommended:	Beaufort County Open Land Trust
Pricing Information:	\$12,000 per month, \$144,000 per year
Other Firms Pricing:	<p>Conservation Consultants-\$20,000 per month for two years, \$240,000 per year Nexsen/Pruet, Estimated \$15,000 to 17,000 per month Dennis Corporation, no cost information provided Argent Realty-\$9,877 per month, per year \$118,524</p>
Funding Source:	Account # 11209-51160 Professional Services
Comments:	

AN ORDINANCE

FINDING THAT THE HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA MAY ISSUE NOT EXCEEDING \$4,000,000 GENERAL OBLIGATION BONDS AND TO PROVIDE FOR THE PUBLICATION OF NOTICE OF THE SAID FINDING AND AUTHORIZATION.

WHEREAS, by action previously taken, the County Council of Beaufort County, South Carolina which is the governing body of Beaufort County, South Carolina (hereinafter called the "*County Council*"), ordered that a public hearing on the question of the issuance of not exceeding \$4,000,000 general obligation bonds (the "*Bonds*") of the Hilton Head No. 1 Public Service District, South Carolina (the "*District*") be held in the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, SC 29926, at 4:00 p.m. on June 14, 2010, and notice of such hearing has been duly published once a week for three successive weeks in The Beaufort Gazette, a newspaper of general circulation in Beaufort County and The Island Packet; and

WHEREAS, the said public hearing has been duly held at the above time, date and place and said public hearing was conducted publicly and both proponents and opponents of the proposed action were given full opportunity to be heard and it is now in order for the County Council to proceed, after due deliberation, in accordance with the provisions of Act No. 1189, enacted at the 1974 Session of the South Carolina General Assembly and approved July 9, 1974, now codified as Article 5 of Chapter 2 of Title 6 (Sections 6-11-810 through 6-11-1050, inclusive) (hereinafter called the "*Enabling Act*") of the South Carolina Code (the "*Code*") to make a finding as to whether or not the Bonds should be issued; and

NOW THEREFORE, BE IT ORDAINED, by the County Council in a meeting duly assembled:

Section 1. It is found and determined that each statement of fact set forth in the preamble of this ordinance (this "*Ordinance*") is in all respects true and correct.

Section 2. On the basis of the facts adduced at the public hearing held on June 28, 2010, it is found and determined that the Hilton Head No. 1 Public Service District Commission, the governing body of the District (the "*Commission*") should be authorized to issue the Bonds.

Section 3. The County Council finds that the Commission should issue the Bonds in the amount of not exceeding \$4,000,000 as a single issue or from time to time as several separate issues, as the District shall determine.

Section 4. The County Council hereby authorizes the Commission to issue the general obligation bonds of the District in the aggregate principal amount of not exceeding \$4,000,000 as a single issue or from time to time as several separate issues, as the Commission shall determine, for the purpose of defraying the costs to construct, furnish and equip a new aquifer storage and recovery (ASR) and to construct a new 16" main installation into Hilton Head Plantation and a new pressurized 24" main at the Ashmore Tank. The Commission estimates that the cost of the designing, engineering, constructing, furnishing and equipping of the new ASR well, together with the cost of the new mains and the cost of issuance of the bonds described herein will be an amount not exceeding \$4,000,000. For the payment of the principal of and interest on such bonds as they respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the District shall be irrevocably pledged, and there shall be levied annually a tax without limit on all taxable property within the area of the District sufficient to pay such principal of and interest on the said bonds as they respectively mature, and to create such sinking fund.

Section 5. The Chairman and other officers of the County Council are herewith authorized and empowered to take such further action as may be necessary to fully implement the action taken by this Ordinance.

Section 6. A certified copy of this Ordinance shall forthwith be transmitted to the Commission to advise it of the action taken by the County Council, whereby the Commission has been authorized to issue, pursuant to the provisions of the Enabling Act, the Bonds in the aggregate principal amount of not exceeding \$4,000,000.

DONE AT BEAUFORT, SOUTH CAROLINA, this ____ day of June, 2010.

Chairman
Beaufort County Council

(SEAL)

Attest:

Clerk
Beaufort County Council

First Reading: May 10, 2010
Second Reading:
Public Hearing:
Third and Final Reading:

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

I, the undersigned, Clerk of the Beaufort County Council ("*County Council*"), the governing body of Beaufort County, South Carolina, DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of an ordinance adopted by the County Council on June 28, 2010 (the "*Ordinance*"). The Ordinance was read at three public meetings of the County Council on three separate days, May 10, 2010, May 24, 2010 and June 14, 2010. An interval of at least seven days occurred between second and third readings of the Ordinance. At each such meeting, a quorum of the County Council was present and remained present throughout the meeting.

All meetings were regular meetings of the County Council, for which notice had been previously given pursuant to and in conformity with Chapter 4, Title 30 of the Code of Laws of South Carolina 1976, as amended.

The original of the Ordinance is duly entered in the permanent records of County Council, in my custody as Clerk.

The Ordinance is now of full force and effect, and has not been modified, amended or repealed.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of Beaufort County, South Carolina, this ___ day of June, 2010.

(SEAL)

Clerk
Beaufort County Council

First Reading: May 10, 2010
Second Reading: May 24, 2010
Third Reading: June 14, 2010
Public Hearing: June 14, 2010

2010 /

FY 2010-2011 BEAUFORT COUNTY BUDGET

To provide for the levy of tax for corporate Beaufort County for the fiscal year beginning July 1, 2010, and ending June 30, 2011, to make appropriations for said purposes; and to provide for budgetary control of the County's fiscal affairs.

BE IT ORDAINED BY COUNTY COUNCIL OF BEAUFORT COUNTY:

SECTION 1. TAX LEVY

The County Council of Beaufort County hereby appropriates the funds as detailed in Sections 4, 5 and 6 of this Ordinance. Further, that the County Council of Beaufort County hereby establishes the millage rates as detailed in Sections 2 and 3 of this Ordinance. However, the County Council of Beaufort County reserves the right to modify these millage rates at its August 23, 2010 meeting.

SECTION 2. MILLAGE

The County Auditor is hereby authorized and directed to levy in Fiscal Year 2010-2011 a tax of 50.09 mills on the dollar of assessed value of property within the County, in accordance with the laws of South Carolina. These taxes shall be collected by the County Treasurer, as provided by law, and distributed in accordance with the provisions of this Ordinance and subsequent appropriations hereafter passed by the County Council of Beaufort County.

County Operations	40.21
Purchase of Real Property Program	3.45
County Debt Service	6.43

SECTION 3. SPECIAL DISTRICT TAX LEVY

The County Auditor is hereby authorized and directed to levy, and the County Treasurer is hereby authorized and directed to collect and distribute the mills so levied, as provided by law, for the operations of the following special tax districts:

Bluffton Fire District Operations	19.67
Bluffton Fire District Debt Service	.37
Burton Fire District Operations	55.87
Burton Fire District Debt Service	5.53
Daufuskie Island Fire District Operations	30.11
Daufuskie Island Fire District Debt Service	2.25
Lady's Island/St. Helena Island Fire District Operations	30.39
Lady's Island/St. Helena Island Fire District Debt Service	1.50
Sheldon Fire District Operations	32.09
Sheldon Fire District Debt Service	2.14

SECTION 4. COUNTY OPERATIONS APPROPRIATION

An amount of \$104,192,036 is appropriated to the Beaufort County General Fund to fund County operations and subsidized agencies. The detailed Operations budget containing line-item accounts by department and/or agency is hereby adopted as part of this Ordinance. This appropriation will be funded from the following revenues sources:

- A. \$79,985,015 to be derived from tax collections;
- B. \$ 2,501,000 to be derived from fees for licenses and permits;
- C. \$ 7,686,826 to be derived from Intergovernmental revenue sources;
- D. \$10,637,150 to be derived from charges for services;
- E. \$ 1,035,650 to be derived from fines and forfeitures' collections;
- F. \$ 190,000 to be derived from interest on investments;
- G. \$ 760,000 to be derived from miscellaneous revenue sources;
- H. \$ 1,396,395 to be derived from inter-fund transfers;

Additional operations of various County departments are funded by Special Revenue sources. The detail of line-item accounts for these funds is hereby adopted as part of this Ordinance.

SECTION 5. PURCHASE OF DEVELOPMENT RIGHTS AND REAL PROPERTY PROGRAM

The revenue generated by a 3.45 mill levy is appropriated for the County's Purchase of Development Rights and Real Property Program.

SECTION 6. COUNTY DEBT SERVICE APPROPRIATION

The revenue generated by a 6.43 mill levy is appropriated to defray the principal and interest payments on all County bonds and on the lease-purchase agreement authorized to cover other Capital expenditures.

SECTION 7. BUDGETARY ACCOUNT BREAKOUT

The foregoing County Operation appropriations have been detailed by the County Council into line-item accounts for each department. The detailed appropriation by account and budget narrative contained under separate cover is hereby adopted as part of this Ordinance. The Fire Districts, as described in Section 3 of this Ordinance, line-item budgets are under separate cover but are also part and parcel of this Ordinance.

SECTION 8. OUTSTANDING BALANCE APPROPRIATION

The balance remaining in each fund at the close of the prior fiscal year, where a reserve is not required by State or Federal law, is hereby transferred to the Unreserved Fund Balance of that fund.

SECTION 9. AUTHORIZATION TO TRANSFER FUNDS

In the following Section where reference is made to "County Administrator" it is explicit that this refers to those funds under the particular auspices of the County Administrator requiring his approval.

Transfers of funds among operating accounts or among capital accounts within a department may be authorized by the County Administrator or his designee, upon the written request of the Department Head. The County Administrator, or his designee, may also transfer funds from any departmental account to their respective Contingency Accounts.

Transfer of monies/budgets between funds or programs must be authorized by County Council, except amounts less than \$10,000, which may be authorized by the Council Chairman, and/or the Finance Chairman, upon the written request and consent of the County Administrator. Transfers of less than \$5,000 may be authorized by the County Administrator, and/or his designee.

SECTION 10. ALLOCATION OF FUNDS

The County Administrator is responsible for controlling the rate of expenditure of budgeted funds in order to assure that expenditures do not exceed funds on hand. To carry out this responsibility, the County Administrator is authorized to allocate budgeted funds.

SECTION 11. AUTHORIZATION OF TAX ANTICIPATION NOTES

(A) The Council hereby finds and determines that:

(i) The monies necessary to fund this budget will come primarily from ad valorem property taxes levied against property located in the County (the "Local Taxes").

(ii) Notices for the collection of Local Taxes will be prepared and mailed by the County Auditor sometime after September 1, 2010, and the Local Taxes are payable without penalty on or before January 15, 2011.

(iii) Local Taxes represent a substantial portion of the County's revenues for its operations. Payment of the operating costs of the County, especially for wages, salaries and a number of other expenses cannot be delayed pending receipt of Local Taxes. The County's fund balance and other sources of revenue are not sufficient cash to provide for current payment of all operating costs pending receipt of Local Taxes.

(iii) The Council has been advised that the cash requirements to pay currently the costs of operation of the County during the period of July 1, 2010 to January 15, 2011, will exceed the amount of cash available.

(B) The Council intends hereby to provide for the issuance of tax anticipation notes (the "Notes") authorized by Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, and Chapter 27, Title 11 of the *Code of Laws of South Carolina*,

1976, as amended. The Administrator, with the advice and consent of Council, is hereby authorized and directed to take such action as the Administrator deems necessary to issue the Notes without further Council action, whenever the current or projected cash position of the County requires such interim financing, subject to the following:

(i) The Administrator shall prepare schedules showing the projected cash requirements of the County and the funds that will be available to meet such requirements, including the general fund balance and receipts from all sources.

(ii) The Administrator, with the advice and consent of Council, may provide for the issuance of Notes in an amount sufficient to provide the County with sufficient cash to meet its projected needs and to maintain on hand an amount not less than 5% of the actual operating expenditures for the fiscal year ending June 30, 2010 (the "2010-2011 Fiscal Year"); provided, however, that in no event shall the principal amount of the Notes exceed 75% of the amount of Local Taxes to be levied for the 2010-2011 Fiscal Year without further authorization from the Council.

(iii) The Administrator, with the advice and consent of Council, may provide for the issuance of the Notes at one or more times and may provide for such Notes to be fully funded at the time of issuance or to be drawn against a stated principal amount over time.

(iv) The Administrator may provide for the Notes to mature at any time up to and including 90 days after January 15, 2011, and may provide for the prepayment of the Notes under such terms as are deemed desirable.

(v) The Notes may be sold at public sale or by invitation limited to local financial institutions or any particular kind of investor at the discretion of the Administrator; provided that the Administrator shall seek offers to purchase or fund the Notes from at least three sources. The Administrator shall exercise discretion in the manner of offering the Notes after considering the total amount to be funded and all costs in connection therewith, and shall endeavor to select that method of offering the Notes which is expected to provide the funding needed at the lowest total cost to the County.

(vi) The Administrator is further directed to obtain the advice of bond counsel as to the details of the Notes and the manner of offering thereof and to observe any limitations required under Federal tax laws to maintain the tax-exemption of interest thereon.

C) For payment of the Notes and the interest thereon, there shall be pledged the ad valorem taxes levied for operating purposes for the 2010-2011 Fiscal Year and the full faith, credit and taxing power of the County and the Administrator is hereby authorized to provide for such pledge and security in the Notes.

(D) The Administrator and all other officials of the County are hereby authorized and directed to take all action necessary or desirable to arrange for the issuance and placement or sale of the Notes and to enter into such agreements as are customary in connection therewith.

SECTION 12. MISCELLANEOUS RECEIPTS ABOVE-ANTICIPATED REVENUES

Revenues other than, and/or in excess of, those addressed in Sections 4, 5 and 6 his Ordinance, received by Beaufort County, and all other County agencies fiscally responsible to Beaufort County, which are in excess of anticipated revenue as approved in the current budget, may be expended as directed by the revenue source, or for the express purposes for which the funds were generated without further approval of County Council. All such expenditures, in excess of \$10,000, shall be reported, in written form, to the County Council of Beaufort County on a quarterly basis. Such funds include sales of products, services, rents, contributions, donations, special events, insurance and similar recoveries.

SECTION 13. TRANSFERS VALIDATED

All duly authorized transfers of funds heretofore made from one account to another, or from one fund to another during Fiscal Year 2010, are hereby approved.

SECTION 14. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2010. Approved and adopted on third and final reading this ____ day of June, 2010.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:

Ladson F. Howell, Staff Attorney

ATTEST:

Suzanne M. Rainey, Clerk to Council

First Reading, By Title Only:
Second Reading:
Public Hearings:
Third and Final Reading:

Committee Reports

May 24, 2010

A. COMMITTEES REPORTING

1. Community Services

- ① Minutes are provided from the [May 17](#) meeting.
 - No action is required.
- ② Foster Care Review Board

<i>Nominate</i>	<i>Name</i>	<i>Position / Area / Expertise</i>	<i>Reappoint / Appoint</i>	<i>Votes Required</i>
05.24.10	Linda Cecil	Countywide	Reappoint	10 of 11

2. Finance

- ① Minutes are provided from the [May 10](#) meeting.
 - No action is required.
- ② Minutes are provided from the [May 17](#) meeting.
 - See main agenda items #13 and #14.

3. Natural Resources

- ① Minutes are provided from the [May 14](#) meeting.
 - See main agenda items #9, #11 and #12.
- ② Rural and Critical Lands Board

<i>Nominated</i>	<i>Name</i>	<i>Position / Area / Expertise</i>	<i>Reappoint / Appoint</i>	<i>Votes Required</i>
05.10.10	George Johnston	District 7	Appoint	6 of 11

- ③ B/J Water and Sewer Authority (There are two candidates to fill one board vacancy.)

<i>Nominated</i>	<i>Name</i>	<i>Position / Area / Expertise</i>	<i>Reappoint / Appoint</i>	<i>Votes Required</i>
05.10.10	Jim Carlen	At Large	Reappoint	10 of 11
05.10.10	W.R. Skeet Von Harten	At Large	Appoint	6 of 11

B. COMMITTEE MEETINGS

1. Community Services

William McBride, Chairman

Gerald Dawson, Vice Chairman

- ➔ Next Meeting Joint Initiative Committee – Tuesday, June 1 at 4:00 p.m., Ex. Conference Room
- ➔ Next Meeting – Monday, June 21 at 4:00 p.m., Building 2, Beaufort Industrial Village

2. Finance

Stu Rodman, Chairman

William McBride, Vice Chairman

- ➔ Next Meeting – Monday, May 24 at 2:00 p.m., Executive Conference Room
- ➔ Next Meeting – Monday, June 21 at 4:00 p.m., Building 2, Beaufort Industrial Village

3. Natural Resources

Paul Sommerville, Chairman

Jerry Stewart, Vice Chairman

➔ Next Meeting – Monday, June 7 at 2:00 p.m.

4. Public Facilities

Herbert Glaze, Chairman

Steven Baer, Vice Chairman

➔ Next Meeting – Tuesday, May 25 at 4:30 p.m.

5. Public Safety

Jerry Stewart, Chairman

Brian Flewelling, Vice Chairman

➔ Next Meeting – Tuesday, May 25 at 3:00 p.m. (Date change from June 7 to May 25.)

6. Transportation Advisory Group

Weston Newton, Chairman

Stu Rodman, Vice Chairman

COMMUNITY SERVICES COMMITTEE

May 17, 2010

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Community Services Committee met on Monday, May 17, 2010 at 4:00 p.m. in the Conference Room of the Beaufort Industrial Village, Building 2, Beaufort, South Carolina.

ATTENDANCE

Community Services Committee members: Chairman William McBride, Vice Chairman Gerald Dawson, and members Steven Baer, Rick Caporale, Herbert Glaze, Stu Rodman and Laura Von Harten attended. Non-Committee member Brian Flewelling also attended.

County staff: Morris Campbell, Division Director – Community Services; Gary Kubic, County Administrator.

Public: Gerald Schulze, Beaufort Memorial Hospital Board Chairman; Rick Toomey, Beaufort Memorial Hospital Chief Executive Officer.

ACTION ITEM

1. Consideration of Appointments/Reappointments – Foster Care Review Board

Discussion: Mr. McBride stated Linda Cecil's term on the Foster Care Review Board runs out at the end of June. The Board recommends the Committee recommend her to Council for reappointment. There was no discussion.

It was moved by Mr. Glaze, seconded by Mr. Caporale, that the Community Services Committee recommends Council to reappoint Linda Cecil to the Foster Care Review Board. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Rodman and Ms. Von Harten. The motion passed.

Recommendation: Council approves the reappointment of Linda Cecil to the Foster Care Review Board.

INFORMATION ITEM

1. Update – Beaufort Memorial Hospital – Mr. Gerald Schulze and Mr. Rick Toomey

Discussion: Mr. Gerald Schulze, Beaufort Memorial Hospital Board chairman, gave an update on Beaufort Memorial Hospital (Hospital). He said the Board wanted to reinstitute updates to Council and come in a few times each year to give an update on the hospital. The presentation is divided into 5 parts – Community Focus, Statistics and Financial Overview, Capital Investments and Driving Strategies. He also reviewed the mission of the hospital to “deliver superior healthcare services to our patients and to improve the health of our community.” In South Carolina, unfortunately, we are one of the unhealthiest states. Our vision is “to exceed expectations for quality and excellence.”

Community focus: As a governmental and Internal Revenue Service 501(c) 3 nonprofit “charitable organization we are committed to serving all people who need our services. Beaufort Memorial Hospital provides health care to patients, regardless of race, creed, religion, national origin, disability, or ability to

pay.” Mr. Schulze stated there is a law, passed by U.S. Congress in 1986, called the Emergency Medical Treatment and Labor Act (EMTALA). It requires the Hospital to provide care to anyone needing emergency healthcare treatment. This is regardless of citizenship, legal status or ability to pay. As a result of the act, patients needing emergency treatment at our hospital can be discharged only under their own informed consent or when their condition requires transfer to a hospital better equipped to administer the treatment. This means our emergency rooms (ER) has become not only an ER, but also a primary care clinic for those unable to pay. This chart shows how it affects us.

Uncompensated care (millions) Charity and bad debt*	
2006	\$28.644
2010 (budgeted)	\$34.434
2010 (6-month)	\$19.402

Mr. Caporale asked how the Congress was able to select this hospital to fall under the legislation. Mr. Schulze said it applies to all hospitals.

Statistics and Financial Overview: Mr. Toomey compared FY2006 to FY2010. We are a 197-bed hospital, he stated. Some beds are more heavily utilized than others. He explained the ALOS means average length of stay, or about how long it is before a patient is discharged. An FTE is a full-time equivalent, or the total number of hours worked divided by 2,080. Our census dropped over the years because the average daily census dropped in addition to the average length of stay, Mr. Toomey remarked. While discharges go up, patient stays are less so patient days are less. 1/3 of the ER visits are uncompensated; they have no insurance or are unable to pay.

Statistics – Five year Comparison			
Fiscal Year 2006		Fiscal Year 2010 Budget	
Discharges	10,561	Discharges	11,217
Average Daily Census	131.3	Average Daily Census	126.0
Acute ALOS	4.5	Acute ALOS	4.1
ER Visits	34,767	ER Visits	38,195
Deliveries	2,075	Deliveries	1,838
Outpatient Registrations	111,205	Outpatient Registrations	136,347
FTEs	1,005	FTEs	1,097

Mr. McBride asked if the average daily census goes down because the length of stay decreases and whether it is because the insurance companies not being willing to pay. Mr. Toomey said to some extent yes, but it also has to do with better technology. One example he used is the robotic surgical

system called the DaVinci, which is used in hysterectomies. The average length of stay for the procedure used to be 5 days, now it is less than 24 hours.

Mr. Flewelling said you are coming close to the fiscal year. Mr. Toomey said we are halfway; it is on the next page. He then reviewed the following data with the Committee.

Mr. Caporale said since 2006 your FTE grew about 10 percent, but your salaries and benefits grew about 30 percent. How did that happen? Market demands, replied Mr. Toomey. He stated the market demand, particularly competitive salaries, affects FTE.

Ms. Von Harten asked why deliveries decreased. Mr. Toomey said part of it is the recession; part is fewer military because of deployments and fewer babies. Mr. Baer replied probably a part of it is also because new laws mean fewer day-laborers, landscapers and illegal immigrants.

Mr. Baer asked if 1/3 of ER visits are really uncompensated. Mr. Toomey said yes because the ER must provide care to people; it is the safety net, a source of healthcare. He added about 40 percent could be seen in a primary care office, if there was space or an alternative. Mr. Baer asked if you have any way of estimating how many are here legally versus illegally. Mr. Toomey said you cannot ask. Mr. Schulze said you can only provide treatment.

Mr. Toomey reviewed the statistics for six months. People choose to not be admitted and people refuse to do elective surgeries to save money. Our average daily census reflects a decrease from 131.7 to 120.9. Our ER staff is very tight. We are looking at expanding ER, the front door of the hospital. FTEs are slightly below where we budgeted. Part of that is the numbers fluctuate as you go in the month. However, I say, we will probably end up close to budget at the end of the year.

Statistics – Six Months			
Fiscal Year 2010 – Six Months Budget		Fiscal Year 2010 – Six Months Actual	
Discharges	5,850	Discharges	5,094
Average Daily Census	131.7	Average Daily Census	120.9
Acute ALOS	4.1	Acute ALOS	4.0
ER Visits	19,174	ER Visits	19,338
Deliveries	895	Deliveries	898
Outpatient Registrations	62,421	Outpatient Registrations	70,767
FTEs	1,097	FTEs	1,089

Mr. Toomey said he wanted to give the Committee a picture of the financial numbers: Five year comparison. We have seen a 20 percent growth in net revenues. Total revenues include other operating revenue such as interest income, cafeteria sales, etc. Salary and benefits costs rise. Charity and bad debt were at \$28.6 million in 2006 and are at \$34.4 million for 2010. Operating income in 2006 was \$10.6 million and in 2010 budgeted \$7.9 million. About 50 percent of the hospitals in the U.S. have a negative operating margin. He explained it has to do with Medicare reimbursements, increasing health costs, salaries, fewer able to pay, keeping up-to-date with technology, etc. Operating margins are getting tighter. We have been fortunate for years. People say you are a nonprofit, but have a profit so how is that possible. It goes to reinvestment for the hospital, retained for future use.

Financial – Five Year Comparison			
Fiscal Year 2006		Fiscal Year 2010 Budget	
Net Revenue	\$131,036,974	Net Revenue	\$162,368,391
Total Revenue	\$136,158,547	Total Revenue	\$167,049,670
Salaries and Benefits	\$ 59,741,580	Salaries and Benefits	\$ 78,218,603
Charity and Bad Debt	\$ 28,644,409	Charity and Bad Debt	\$ 34,434,006
Total Expenses	\$125,502,483	Total Expenses	\$159,810,503
Operational Income	\$ 10,656,064	Operational Income	\$ 7,910,843
Operating Margin	4.43%	Operating Margin	1.58%

Mr. Baer asked if the operating margin included depreciation. Mr. Toomey said it does. Cash flow includes it and we are at about 10 or 11 percent when you add back in depreciation.

Mr. Toomey then reviewed the six month financial summary for budget versus actual in 2010. We saw a \$2.5 million increase in charity and bad debt from what we budgeted, which has put some additional pressure on the hospital. Total expenses have grown by about \$2 million. The operating margin is a bit ahead of budget. The second six months is always the most difficult part of the year. You get more flu season traffic, there is a different census and higher volume.

Financial – Six Months Comparison			
Fiscal Year 2010 – Six Months Budget		Fiscal Year 2010 Budget – Six Months Actual	
Net Revenue	\$80,656,345	Net Revenue	\$83,443,214
Total Revenue	\$83,337,719	Total Revenue	\$86,116,230
Salaries and Benefits	\$38,768,944	Salaries and Benefits	\$39,472,192
Charity and Bad Debt	\$17,167,320	Charity and Bad Debt	\$19,401,552
Total Expenses	\$79,208,162	Total Expenses	\$81,319,353
Operational Income	\$ 4,129,557	Operational Income	\$ 4,796,876
Operating Margin	1.80%	Operating Margin	2.70%

Capital Investments: Mr. Schulze discussed recent capital investments. A few capital improvements, funded through the surplus money which the hospital invests in technology and capital improvements, includes cafeteria upgrades (\$352,457 to upgrade serving area, traffic flow and seating area, new flooring, paint, new lighting, new and improved food stations, new equipment, new tables and chairs), computer room upgrades (\$638,198 to house additional servers and racks An important component of the project was improving environmental controls and business continuity), room improvements (\$1,685,150, to improve 126 acute care patient rooms, completed 80 to date new flooring, paint, wall protection, new curtains, blinds, and new flat screen TVs), Meditech Conversion (\$3,100,000 electronic medical records to upgrade clinical information system to new generation of software that will allow for full electronic medical record. Go live date is December 1), and the Pratt Emergency Center (\$7,500,000 to improve and enlarge department to accommodate growing number of ER visits of about 38,000 but built for 24,000. Preliminary architectural work is underway. Construction start –projected to begin first quarter of 2011). Future capital investments include Bluffton facilities expansion (\$2,600,000 plans to acquire approximately 16 acres of land for future development of Beaufort Memorial services. This would eventually relocate the existing services at Westbury Park) and office buildings (\$10,000,000 preliminary planning for 40,000 to 60,000 sq. ft. office building to house support departments currently working in the office suites. Locate building across the street, which would provide for additional parking on hospital campus). Mr. Toomey said we have 113 people in those office suites nearby the hospital.

Driving Strategies: Mr. Toomey stated the Hospital focused on driving strategies for the hospital over five areas. The first is to expand geographically by acquiring land near the main campus and expand south of the Broad River services. We have five core services: cancer, cardiovascular, surgery, women's and imaging. We have a town with one cardiologist. From a needs assessment, we could probably use five additional cardiologists. As the population continues to age, it is a service in high demand. He segued and added they want to enhance physician relationships – flexible schedules to recruit those from needs assessment cardiology, psychiatry adolescence, psychiatry and gastroenterology. We now employ 17 physicians. Mr. Toomey said the Hospital wants to help make their lives better with more flexibility and take away their administrative burden; it wants to ensure facilities meet needs, the emergency department, operating rooms, ICU/PCU and Women's. More and more people are sicker when they come into the ER and they often need telemetry in the ICU. In a few years, we want to add more ICU rooms. The Birthing Center continues to need refurbishment. Finally, Operational Excellence is needed to maintain quality, deliver the best care possible, culture, electronic integration, community outreach/satisfaction, cash margin and Foundation. We adopted culture values to embrace and use the starfish – integrity, compassion, communications, and safety. One example we talk about is hand washing. Recent recognitions include being one of the most wired hospitals, including the Top 100 regardless of size, among others. Mr. Toomey summed up the presentation. He said the cost of living is high here, which makes recruitment a challenge. They eliminated contract nursing to save. Mr. Schulze said there is a nationwide shortage of nurses and we are outliers because we do not have to hire contract nurses. There is a good relationship with the Technical College of the Lowcountry and University of South Carolina Beaufort.

Mr. Flewelling asked about the procurement policy. Do you have a buy local preference? Mr. Toomey said we participate in national purchasing to get the best price for medical supplies. However our food, for example, is bought from local vendors.

Mr. Rodman asked about ERs. Have hospitals looked at restructuring so there is an ER and primary care service next door? Mr. Toomey said we have a “fast track” if patients do not necessarily need emergency service. With Healthcare Reform, whatever form it takes, do we see more urgent care forming? He said that remains to reveal itself. There is still a need for physicians to provide care. There is

a shortage of primary care physicians. Strategically placed urgent care could minimize flow into the ER. At the end of the day, people think the ER is the best place to go for medical care if there is any question.

Mr. Baer asked about Volunteers in Medicine if it is in town. Mr. Toomey talked about the Good Neighbor clinic, which has been here one year and is similar to VIM. The two organizations work together and the Hospital provides Good Neighbor's ancillaries at no cost.

Ms. Von Harten asked about Starbucks coffee at the hospital. Mr. Toomey said we provide it in the cafeteria.

Mr. McBride asked about the psychiatrists. A few years ago we talked about the relationship between the Hospital and Coastal Empire Mental Health. Mr. Toomey replied we have different and similar missions. The new psychiatrists will meet with the Coastal Empire. Committee members discussed various issues associated with mental health services in the area.

Mr. Baer said you are probably the third largest employer in Northern Beaufort County. Mr. Toomey concurred. We are a growing part of economic development.

Mr. Caporale said this will be answered at some point in the future. Does the hospital play any role in medical care at the detention center? Mr. Kubic replied there are assessments done through the Hospital if an inmate comes in with a possible health concern. The Detention Center works with the Hospital for assistance. There will be a roundtable discussion about this topic, he added.

Mr. Glaze asked about the recovery time for a patient after surgery decreasing. What is the difference in cost for a procedure with less recovery time? Mr. Toomey said it is about the same for the hospital and the patient to have the procedure. The difference is the benefit to the patient; they return to work faster.

Status: No action was taken. Information only.

FINANCE COMMITTEE

May 10, 2010

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Finance Committee met on Monday, May 10, 2010 at 2:00 p.m., in the Executive Conference Room, Administration Building.

ATTENDANCE

Finance Committee members: Chairman Stu Rodman, Vice Chairman William McBride, Steven Baer, Brian Flewelling, Paul Sommerville, Jerry Stewart and Laura Von Harten attended. Non-committee member Rick Caporale, Gerald Dawson and Weston Newton were also present.

County Staff: Bryan Hill, Deputy County Administrator; Gary Kubic, County Administrator; David Starkey, Chief Financial Officer.

Media: Kyla Calvert, *Beaufort Gazette*; Joe Croley, Hilton Head Association of Realtors and Richard Brooks, *Bluffton Today*.

Board of Education: Chairman Fred Washington; and members Jim Bequette, Earl Campbell and Wayne Carbeiner.

School District: Shawn Alfred, Chief Instructional Services Officer; Tonya Crosby, Finance; Valerie Truesdale, Superintendent; Phyllis White, Chief Operational Services Officer, and Jessie Washington.

Hilton Head Island PSD: John Guisler, Commissioner; Pete Nardi, Communications Manager; Larry Sap, Finance Officer.

Pledge of Allegiance: The Chairman led those present in the Pledge of Allegiance to the Flag.

ACTION ITEMS

1. **Beaufort County School District**
 - **Teaching Moment**

Discussion: Board of Education Chairman Mr. Fred Washington introduced this item and introduced Dr. Shawn Alfred, Chief Instructional Services Officer, to share some of the things taking place in Beaufort County schools. The District's core mission is to enhance the quality of life for our community through education, not only through students but for the adults in our community as well. Even in this trying time, we are proud to say that our bottom line is that we feel substantiated through documented growth on assessment that our kids are learning and student achievement is moving forward in Beaufort County schools. On May 18, 2010 there

will be the opportunity to present to the School Board the final results of MAP (Measure of Academic Progress) Assessments for this school year. All of the preliminary scores show a tremendous growth in areas of math and science. The District took great care to push these two areas. They are linked to global society and job market. This past year, increasing numbers of schools meet adequate yearly progress. That is a federal benchmark by the government. Schools have to show adequate yearly progress toward the 2012 goals of the percentage of students being proficient in content areas. Last year, the District had four schools to meet AYP, this year there were 12 schools to meet AYP. We were able to increase the number of math, science, literacy and technology cultures. It is the District's goal and desire to be the best stewards as we can of public funds. When the District sees needs, they try think outside of the box and find ways to add to that instructional program in a way that is not a burden to the taxpayers. That is also done through collaboration with other agencies. A good example of is the great collaborative effort with Head Start.

The District has schools winning a number of awards based upon student achievement. In 2008, there were 13 gold and silver awards and 6 Closing Achievement Gap awards. In 2009, there were 9 gold and silver awards and 6 Closing Achievement Gap awards. The District, this past year, had the opportunity to apply for and did receive national accreditation through advanced education for all schools.

Mr. Flewelling wanted to know why in 2009 there were less awards won. Dr. Alfred stated there is an opportunity to realize our benchmarks do move up. There is a sliding scale based on the State. The bar was set higher in 2009.

Dr. Alfred also stated in 2008 there were four schools per school report card that received an "at risk" rating. That is the rating where state intervention generally takes place. In 2009, there was only one school remaining in that category – Whale Branch Elementary School. He also stated because of the work and achievement at that School, this school year, the District anticipates very soon it will be named as one of the State's few turn-around schools. That is not only a tremendous achievement and accolade for the students and the faculty at that school but it also comes with a great financial award/assistance to continue the process of teaching and learning in that school. The District is excited about that.

Dr. Alfred also spoke about the reconstitution of four of the most academically challenged schools as Accelerated Learning schools in the past few years. There is an additional 20 days of extended learning time for all students who have not met state standards. There has been the opportunity to blend to one calendar. He also pointed out there was a tremendous amount of training that has taken place for our teachers. We realize student achievement will move forward through quality teaching. That cannot happen if we cannot continue to provide quality opportunities for our teachers and staff to become better at their craft/trade. The summer institute, for the past three years, has been well attended. We are on course for the same this summer and are looking forward to the opportunity. There will be three dedicated days for teachers to come and sharpen their skills. It is voluntary, not mandatory.

There are a number of things in the school district that illustrate positive trend as it relates to the growth of student achievement. The District will present to the Board of Education, on May 18, 2010, the results of the Spring MAP scores. Specific areas of focus will be highlighted. One of those was reading for early learners. At the beginning of this school year, the District targeted and made a special effort to increase the reading scores for students in grades K-2nd. He is proud to say the results uncovered, to this point, show substantial gains in the number of students reading at or above grade level for school year FY2010.

Mr. Sommerville said he read a lot about states “gaming” their math programs, i.e., raising the bar but lowering the standards or dumbing the test down. What does South Carolina do in that regard?

Dr. Alfred stated the content and standards for South Carolina have not changed. What did change was the definition of proficient as it relates to federal guidelines. For instance – in the past on the PACT Test what was considered to be basic, was not proficient as far as the federal government was concerned. With the adjustment of the benchmark/demarcation line, what is considered basic now, using old PACT terms would be considered proficient, under those federal guidelines.

Mr. Stewart referenced the gold and silver awards being a moving bar and wanted to know how other schools compare in the state. Did they have similar performances or were they able to maintain their level and progress with the moving bar? Dr. Alfred replied he cannot speak specifically on how other districts did. As a state, school districts as a whole did not do as well as in the past, not as it relates to gold and silver awards but with the transition from PACT to PASS. This year of transition as it relates to the grading/scoring of the test, you will find as you look at the District’s information, not as many districts across the state did as well. Actually, some of the calibration takes place for school districts is somewhat a mystery. That is evident because according to 2009 there was only one school district in the state that got an excellent rating. The majority were either average or below average.

Mr. Stewart wanted to know the standards and the meaning. We need benchmarks/standards/guidelines we can follow and track. Yearly things seem to change – the lexicon and the names of tests, etc. It is a “cloud.” Who knows what it means?

Mr. Washington stated the origin of all this is No Child Left Behind. Historically, every year the benchmark moves higher and things are more difficult for people to achieve. What you find is on a whole, as stated, you find nationally fewer schools meet those standards as they increase the level of the benchmark not being achieved. Every year it becomes more difficult to deal with No Child Left Behind. Testing has always been an issue, not only in this state but nationally.

Mr. Stewart wanted to know how you calibrate, as a citizen, how much the bar is raised, what it really means and the value. It is a mystery to most of us.

Dr. Alfred stated they will provide some of the information for Council to review if that is of interest. The information is posted on the website for the EOC Oversight Committee. It is a very user friendly website, which gives a great definition of what characteristics one must meet to have a gold or silver award. One thing lost in the conversation is a school's improvement rating weighs heavily onto the gold and silver awarding.

Mr. Stewart asked what percentage is proficient. Dr. Alfred stated information will be brought back before Council after the presentation to the Board of Education on May 18, 2010.

Mr. Jim Bequette stated historically there are only two states with real difficult tests. South Carolina and either Maine or Massachusetts are the only two that track past scores. All individuals are supposed to be proficient by 2014. He stated he disagrees with No Child Left Behind.

- **School District FY 2011 Budget Proposal**

Discussion: Mr. Rodman stated two weeks ago the District presented their budget to Council and at the last meeting Council put together a list of questions useful in understanding where we are in regard to the budget. He introduced Mrs. White to review with Council some of their concerns.

Mrs. White stated County Council requested some information for FY2011 and the previous five years regarding the revenue of the General Fund and all funds, as well as expenditures of the General Fund and all funds. She presented this information to the Committee. She pointed out what is unique about the District is they are required to provide teacher salary increases in step. The FY2005, FY2006 and FY2007 included all general funds and all the restricted funds – special revenue, EIA, debt service, capital projects, school food service and student activity. The money in those other funds cannot be used for anything other than the purpose for which they have been established. Special revenue includes special education and is Title I. EIA (Education Improvement Act) includes gifted and talented monies. Stimulus funds would be in the restricted funds and could cause a significant increase in the District's budget because you are adding in funds restricted for a certain purpose. Capital projects – if we are building new schools, expenditures will go up significantly during the years schools are being built. There are people calculating per student cost, but you have to remember there are dollars that are one-time expenditures. School Food Service – is a self sustaining fund. It is paid for by parents that pay for their student's meals as well as USDA Funds. Student Activities is monies that belong to the students. When we say All Funds, the majority of those funds cannot be used for operations. They are restricted, with the exception of the General Fund.

In FY2006, there was a 1.61% teacher salary increase plus step and growth in the County. FY2007 included a reduction of \$16 million in EFA Funding. It also included a 2.61% teacher salary increase plus step and increased operational costs due to the opening of Hilton Head Island Early Childhood Center. Palmetto Electric Co-op also increased their costs by 10%; SCEG increased by 2%. There was an expanded use of MAP as an assessment to inform teachers of progress prior to PACT. FY2008 included a 4.6% increase in expenditures due to the

following: Dr. Truesdale being hired, new instructional staff in the amount of \$1.5 million and 21 teachers for growth. There were also TIF adjustments in the amount of \$7.7 million and Act 388 was implemented resulting in state revenue in excess of the projection of \$9 million. Teacher's salaries also increased 3.31% in the amount of \$3.4 million. The completion of the salary study cost \$1.7 million. Retirement increased 1% in the amount of \$900,000, health insurance increased 5.6% in the amount of \$455,000, workers compensation increased 2% in the amount of \$27,000 and there was an increase of 3.31% or \$1.1 million for a cost of living. The District planned to add \$5.6 million to the fund balance which was going to be used for debt payment for FY2009 and \$5.1 million was under spent. The District transferred \$1.7 million to pay down 8% debt. \$4.2 million is to be transferred to long-term debt. The decision was to not transfer to debt because Act 388 was going on, the District had to open six schools and the economy was very shaky. The District wanted to make sure the fund balance was kept intact between 10 and 15%. When planning the FY2010 budget, it was decided the District not do the transfer (that was the year Dr. Truesdale was hired.) In that budget, the District held off on hiring teachers, instructional coaches and had significant savings in energy costs. In FY2009, there was a 3.85% teacher salary increase in the amount of \$3.5 million, retirement increase in the amount of \$445,000 and FICA increase of \$266,000. In FY2010, four new schools opened – Riverview Charter, Red Cedar Elementary and 2 early childhood centers. The mill cap was 6.8% and there was no increase. There was also no COLA for employees, only a step increase for teachers. Also the district reduced 74 positions.

Mrs. White presented to Council the 45 day enrollment breakdown over the last 5 years and the projected 2011, by school. She also presented the Committee with a staffing comparison for FY2009-FY2011. It is a transparent way of looking at it. The District reduced in their general fund 24 positions; however of those positions eliminated, 9 went to special revenue. By showing a net of 15, the District is being truly transparent. The District reduced their general fund budget by 24 positions. Some went to Title I funding and some went to At Risk Funding.

Mr. Sommerville asked why attendance specialists went up by three. Mrs. White replied that it was due to new schools.

Mr. Sommerville wanted to know about instructional assistance and wanted to know if behavior challenged students are being put back in the main stream and if so we should be increasing the amount of assistance, not decreasing. Mrs. White stated instructional assistance could include pre-K or Kindergarten assistance or both. An assistant is mandatory for those two grade levels. Some instructional assistance may be in Title I and some may be in special education. These are All Funds. In the District's General Fund, the only instructional assistance is the required ones. The rest are approved through special revenue. There used to be many more but with our staffing formula we have significantly eliminated assistance.

Mrs. White then presented the Committee with the District's six year comparison – expenditures per student. Onsite is the official cost per student database. They use all funds except capital and debt. In that per pupil expenditure are the kid's chest club money, lunch money, etc. Funds the District cannot use in daily operations are included in there. Mr. Bequette added Food Service collects for the food they sell. She stated the cost per student will show an

increase over time because all of the stimulus money, \$8.9 million, for Title I and IDEA. It will inflate the numbers for these onetime dollars.

Mrs. White then presented the Committee with the District's Pre-Kindergarten enrollment data. The District made it more efficient by splitting them into two half-days. You get twice as many children to enroll into the program, with the same staff. The District tried getting more "bang for a buck." In FY2009, the District served 685 children. For FY2010 they served 902. Children were able to be taken off the waiting list and put into the classrooms. There is a criterion students must meet in order to be served in the Pre-K programs.

Mr. Flewelling stated there are two different sheets that show enrollment numbers. Mrs. White stated these are capacity numbers or programs capacity. Students who meet the criteria are the only ones the District will serve. Enrollment may not be the same as capacity.

Mr. Caporale asked about Mrs. White's comment in regard to the stimulus funds. Mrs. White stated \$8.9 million in Title I and IDEA are one-time funds and must be used within two years. The District is using it for their Extended Learning Program and Accelerated Learning Schools. It is not being used to fund positions nor to supplement the operating budget. Teachers are being paid to work 20 extra days. It will be counted in the cost for students. It will inflate the per student costs for one time money.

Mr. Baer wanted to know the demand of Pre-K children. Mrs. White stated she is unsure. Dr. Truesdale stated the District has been able to serve more students with the same number of staff. We still have a waiting list but a number of them have been served. The waiting list is between 100 and 200 across the County.

Mrs. White presented the Committee with the Tier III items. There was more on the Tier II but some were executed for reductions. There were some positions eliminated and contract days that were eliminated. She presented the remaining items left in Tier III which included the following:

Employee's Share of Health Insurance	\$1,209,914
Pre-K Teachers	\$ 931,889
Pre-K Assistance	\$ 396,932
Nurse Assistance	\$ 27,494
Hall Monitors	\$ 394,722
Athletic Equipment Allocation – reduce by 5%	\$ 21,100
Athletic Stipends – reduce by 5%	\$ 62,789
Academic Stipends – reduce by 5%	\$ 32,435
Athletic Insurance – elimination	\$ 199,584
Academy for Career Excellence (content teacher)	\$ 84,442
School Resource Officer (reduce 5)	\$ 295,350
Parenting Program	\$ 135,574
Hiring Supplements – orientation stipends	\$ 48,000
ADEPT Stipends	\$ 70,500

National Board Certified Local Supplements

\$ 355,800

Total Tier III

\$4,266,524

Dr. Truesdale stated in January 2009 the Board asked administration to repair a budget that was a no tax increase budget and to separate the budget into three categories: items mandated by law, things that have to be done but not mandated, things we need for our schools but we can still run schools if they were cut. In this economic time, none of these cuts are good. There is not a happy note in any of this. If push comes to shove, this is what we would end up cutting.

Mrs. White stated Mr. Baer, at the last meeting, asked for a demographic breakdown by school. She stated there is a difference in LEP students, which are limited English proficiency, and Hispanic. There was an increase in Hispanic students of 236. LEP is over 3,000. 96% are Spanish. There was an increase in LEP from 14 to 15.4%.

Mrs. White stated at the last meeting Mr. Sommerville inquired on the cost of ESOL teachers. Of those, 24.5 teachers are paid from the general fund and 14.5 are paid from the Special Revenue Fund for a grand total of 39 teachers, costing \$2,518,013. These costs at \$2.5 million are unique to this group of students. It is not the total cost to educate that child. There are other costs with that child – art teachers, P.E. teachers, etc. She also presented other ESOL Information. 87% of ESOL students are in Bluffton and Hilton Head Island. Last year that number was 92% so there has been a shift to schools north of the Broad River. In northern Beaufort County the schools with the highest ESOL populations are Shanklin Elementary, Broad River Elementary and Battery Creek High. English proficient scores are the 4th highest in the state. She stated all elementary and middle schools made up of AYP and LEP in English Language Arts and Math. The only two who did not were Hilton Head Island High and Bluffton High. Also last year ESOL teachers were reduced by 8 teachers and this year there were three new schools. The number of ESOL staff did not increase. The state recommends one teacher for every 60 students. Currently, the District is staffed at approximately 1 teacher for every 78 students.

At the last meeting, Mr. Baer asked about efficiency ratios which she provided.

Mr. Rodman stated the District provided a very comprehensive presentation on the questions Council asked. In terms of going forward, there will always be additional questions or requests for details. Tonight the School District's budget is up for first reading. The District has thrown a lot at Council. He suggested allowing Council to digest the answers to the questions and perhaps if needed additional questions will be asked. This has gone a long way. As we work through the next 1.5 months, give the economy and that all other taxing entities are doing whatever possible to avoid a tax increase; we need to look at whether or not there is justification for a tax increase for the District. That may trigger further questions.

Mr. Stewart stated at the last meeting he asked for a comparison of what the District versed the County has been cut from the state.

Mrs. White showed a graph of the District's reductions in state funding over the last eight years. She also showed a list of all the unfunded mandates and underfunded mandates. She stated she has a chart with other areas the District has been cut.

Mr. Rodman wanted to know if some of the mandates were removed as the state cut funding. Dr. Truesdale replied that the state has not repealed any of their mandates but have passed a proviso of flexibility that says some can be ignored temporarily. How the District applies the flexibility is subject to each year's conversation. Mrs. White added the funding can be moved from one area to another. It really allows flexibility on how to spend it.

Mr. Newton asked the District to show the \$16 million of reduced EFA Funding in FY2007. Mrs. White stated in FY2007 the local tax revenue went from \$104 million to \$130 million. In 2006, was a hold harmless and then went away.

Mr. Newton stated he had someone inform him that we did not lose \$16 million in state funding, that it was just a convenient argument by County Council and the School District. Mrs. White stated from FY2004 to FY2010 there is \$16 million.

Mrs. White stated the chart she presented does not demonstrate all loses, just EFA and when some funding was changed to be rolled into the EFA formula. The District lost \$2 million through EIA and \$800,000 in General Fund last year.

Dr. Truesdale stated the District could put together a greatest loser's chart and Council will see the District cannot only substantiate the \$16 million but also considerably more.

Mr. Bequette stated the District has been over a million dollars short yearly. Year 2008 was the year they audited the owner occupied base, there were 7,994 more from the stated. We have been using too high a yield rate on the taxes.

Mr. Rodman stated this is a longer discussion in which there is not time for today. If we look back over a long enough period of time, we do in fact collect close to 100% of the taxes. It is a timing issue relative to collections on foreclosures and late payments. To some extent there is short fall on personal property but there is also the increase on penalties, etc. This will be looked at in detail, but not today.

Mr. Bequette asked Mr. Starkey what the County used as a yield. Mr. Rodman stated this is a discussion that we do not have the time for today.

It was moved by Mr. McBride that the Committee approves and recommends Council approves, by title only, the School District's Budget. The vote was: FOR- Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville, and Mr. Stewart. ABSENT - Ms. Von Harten. The motion passed.

Recommendation: Council approves on first reading, by title only, the School District's Budget.

2. Hilton Head No. 1 Public Service District – \$4 Million General Obligation Bond

Discussion: Mr. Rodman introduced this item to the Committee. We as County Council have to authorize this bond but it really comes out of the Hilton Head Public Service District (PSD) tax district funds and decisions. This is approved by a tax district with its own elected officials.

A representative of the PSD stated what is before the Committee today is the authorization of up to \$4 million of GO Bonding for the construction of more facilities to deal with the salt water intrusion on Hilton Head Island. The Hilton Head Island PSD was before Council in 2006 when the Committee authorized the funding to build the reverse osmosis water treatment plant on Jenkins Island, serving Hilton Head Island. That has been completed and is in full operation, producing about a billion gallons a year of high quality water for the north end of Hilton Head Island. The saltwater intrusion issue is well known. In the last few years the PSD lost 6 of the wells and is expected to lose six of the remaining seven by 2020. The saltwater content will exceed drinking water standards and will need turning off. Jenkins Island, on the north end, has three wells that are down to the middle Floridian aquifer, a brackish aquifer. That water is being treated. The upper Floridian wells are not being treated because the chloride levels are going straight up. The middle Floridian chloride levels are pretty consistent. Some former wells on Hilton Head Island are at 6,000 mg per liter of salt. 250 mg is the maximum contaminate level. An ASR (aquifer storage) recover project is using the middle Floridian aquifer as a storage that water will be pumped into and for off seasons there is a purchase agreement from BJWSA to buy off peak water at a reasonable rate, put it into the aquifer and store it there where it is pumped back out at peak times when needed. Currently BJWSA used the same technology in two places, and are building a third one. They offered to build a facility on the Island, but we decided to do it ourselves. He presented a photo of the transmission system on the north end of Hilton Head Island coming in from the mainland buying the wholesale water from BJWSA. The reverse osmosis treatment plant plugs into a 12-inch main and is pressurized to Broad Creek. Broad Creek PSD and the Hilton Head PSD own it jointly. He stated they are proposing, in order to get more water into Hilton Head Plantation, is to not only do the ASR but to also do a transmission line off the 24-inch main and into Hilton Head Plantation. The intent is to pressurize the line using the Pembroke reservoir located near Wendy's. It was originally planned to be a reused water tank but it was put into the portable system. That is to be used to maintain pressure in that line in order to move water around the District.

The PSD proposed a \$4 million GO Bond. The current millage is 5.82 mills: 3 mills operating and 2.82 mills debt. With the \$4 million and numbers provided by County staff, the PSD has an estimated PSD total millage for FY2011 of 6.66 mills; 3 mills operating and 3.66 mills debt. What is the impact on this as a home? The tax would go up from \$23.28 to \$26.64 on a \$100,000 home. This project is not by itself. There are future capital improvement projects that will need to be done to deal with the salt water intrusion. The 2013 time frame is what is being looked at for this project to replace the Front Gate, Seabrook and Union Cemetery Wells as they begin to salt up. In 2017, an ASR well will be needed to replace the Wild Horse well. It will

probably be located in the Port Royal Plantation area. In 2020, a third ASR well will be needed to replace Squire Pope and Windmill Harbour wells and possibly an expansion of the Reverse Osmosis plant will be needed. This is more than just one project. It is part of an overall project to provide County-wide high quality drinking water to Hilton Head Island as we lose all of the wells.

Mr. Baer stated in the newspaper ad published, FY2011 millage was at 6.3 operations and 3.0 debt. He wanted to know if this millage is FY2011 or FY2012.

A representative of the PSD stated there were 5.82 mills last year. With the projections provided by County staff and the preparation of the lack of collections, etc. the PSD was informed to be prepared to take the amount up higher to collect the RO debt. This will need to go through an addition budget hearing to implement it.

Mr. Baer stated the County is projecting CIP millage, debt service millage over 5 years. He stated it would be nice to receive information from the PSD as well. We should look ahead will all these other things coming, on what the millage will be over 5 years. A representative of the PSD stated they will provide that data.

Mr. Sommerville wanted to know whether or not the PSD has one million excess capacity in the Reverse Osmosis Plant. A representative of the PSD stated the plant was designed for 6 million gallons and there is currently 3 million gallons in operations today. It is expandable to 6 million. Additional wells, etc. would be needed for the additional supply.

Mr. Sommerville wanted to know if Hilton Head Plantation is on the Reverse Osmosis grid now or self-contained with well water. A representative of the PSD said Hilton Head Plantation only has one remaining well, the others are salted. There are several wells in between the Plant and Hilton Head Plantation.

Mr. Flewelling wanted to know, theoretically, the last time there was an increase in the rate charged for water. Would the PSD do any of this using that money? A representative of the PSD stated there have been two rate increases in the last two years. They were small increases, approximately 4%. Dealing with the saltwater intrusion is such a long-term big picture issue. The PSD tried using this as a means of funding this particular project because of it being a resort community. There are a lot of empty/vacant lots not being developed. This brings everyone as part of the long term solution. If it is put into the rates, then the current people today would have to pay for it, as opposed to long term. That is the reason that particular funding source was used.

Mr. Newton wanted to know the alternative. A representative of the PSD said the alternative is to continue purchasing the water from BJWSA and paying peak service rate. The current BJWSA rate is \$1.58/1,000 wholesale. They are selling us off peak rate at \$.75/1,000. That is being used for the ASR. We would need to do the transmission improvements wherever we get the water because we are losing the wells and the diverse system that we previously had. We need more transmission type projects in the future to move water around.

Mr. Newton wanted to know how much the ASR project is. A representative of the PSD replied \$3 million for ASR and \$1 million for transmission.

Mr. Caporale inquired as to the consumption over the last three to five years. A representative of the PSD replied it has been steady, but have had two very wet years. They are anticipating an improved year this year with better weather. It all depends upon the weather. There is also growth we have to deal with.

It was moved by Mr. Flewelling, seconded by Mr. Baer, that Committee approves and recommends Council approves on first reading an ordinance finding that the Hilton Head No. 1 Public Service District, South Carolina may issue not exceeding \$4 million general obligation bonds and to provide for the public notice of the set finding and authorization. The vote was: FOR- Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville, and Mr. Stewart. Absent- Ms. Von Harten. The motion passed.

Mr. Rodman stated the Clerk to Council has given some language modifications that have come from the attorney in terms of the resolution and ordinance. He would like for Ms. Rainey to fold those into the language going forward.

Recommendation: Council approves on first reading an ordinance finding that the Hilton Head No. 1 Public Service District, South Carolina may issue not exceeding \$4 million general obligation bonds and to provide for the public notice of the set finding and authorization.

3. County FY 2011 Budget Proposal

Discussion: Mr. Rodman introduced this item with the Committee. In terms of the County budget, moving forward, staff is in the process of taking the amount of money requested by the groups and balancing to where we have no tax increase. That process is coming along well. As Council looks at it, are there any questions in a similar mode to the School District. Are there things we would like to further understand? He would like to know the shortfall in the state funding that may be impacting entities that there is no one to pick up the safety net and we may have to pick that up.

Mr. Baer stated he looked at all of the millage changes happening for his district, which has a mixture of very wealthy and not so wealthy people. Every source except for the County Operating Budget is giving tax increases. He presented the latest data from the *Island Packet* and from Mr. Starkey. County debt is going up 77%. Purchased property and Rural and Critical Lands are going up. The School District is going up. The Town of Hilton Head Island and the County's Operating budget are the only ones not increasing. He presented a computed tax bill for FY2010 which he says is also incorrect because he missed another .84 mills. If Council looks at FY2010 for what the Chamber calls an average house, owner occupied taxes would go up 7.67% and non-owner occupied houses will go up 4.77%. This is a substantial tax increase. We are seeing increases with the baseline CIP budget. He then presented Mr. Starkey's CIP budget projections under four different kinds of assumptions. This is worrisome. All of that was translated to the following conclusions: Overall staff has done a great job on the Operations

Budget. Not only is the budget with no growth but the data presented to understand it has been good. Even with the most modest plan, taxes will go up approximately 7.7% for owner occupied and 4.7% for non-owner occupied. We are paying for all of our past CIP decisions. We make these CIP decisions and we do not really understand the impact of the things that sound good to us and do not understand the downstream taxes. If we assume anything other than the modest assumptions, taxes will be even higher, especially in out years.

He stated there are many loose ends on the CIP side of our budget. We should be making the policy decisions now and not ducking them. There are \$2 million of retainage from past CIP Projects and \$14.2 unassigned or assigned unused. We should be looking at those amounts of money to lower our taxes in the upcoming fiscal year. Also, the Airports still owe us \$2.1 million. That increases yearly. In their five year budget, their IOUs go up and we have not filled that gap. Our policy and payback of those loans and lack of landing fees for private planes has been in limbo for more than a year. In looking at the CIP list, which contributes to more tax increases, beyond the 7.7% there is the Beaufort Commerce Park in there for \$1.5 million and could cost up to \$2 million. We may also need a spec building and other costs that have not been predicted. There is no forward looking business plan and no realistic analysis of alternatives. He stated he is worried about that added to our taxes. The St. Helena Library is in there for an additional \$1 million of which County Council approved but yet the money must come from somewhere. That is going to contribute to our tax increases. There is also this very worrisome of comingling of funds between the St. Helena Library and the Administration Building. He stated he sent an email to Mr. Hill with a simple table asking for him to fill it out to disaggregate those amounts. He stated he cannot separate them from the data he has. Also, if you look ahead to the St. Helena Island Library budget – the space level of service and the operations level of service are far higher than any other library in the County. He wonders about the fairness of that. Looking ahead to the CIP there is another \$38.5 million, over the next five years. How much of that is essential and how much can be postponed. We need to tackle this in the next couple of weeks. For instance, \$9.9 million is in the FY2011 CIP. He is pleading for us not to sweep these things under the rug and for us to try to deal with them and consider the taxpayers when doing so.

Why did another line appear under the St. Helena Library budget? There are two items in there now. It is almost \$1 million in the operations budget. Also, he would like to see a detail of the line General Fund Transfers. There is \$4 million in it that he would like to see broken out.

Mr. Baer's written comments and graphs were submitted following the meeting and are attached to these minutes.

Mr. Rodman stated he thinks the County Administrator, in the last two-three years, suggested we take this overall look at the tax piece which is helpful. We can break what we are talking about into two pieces. There is the operating piece which is being worked on. We on the Finance Committee should collect all questions and consolidate them into a list for staff to come back with the answers. The CIP piece, we obviously need to spend some time going over. We took the Beaufort Industrial Park issue of whether we should or should not purchase it should be considered along with the other CIPs. We should revisit those. He stated he is more convinced

the Council should consider taking some of the interest we have accumulated over time and use that money to perhaps delay, for a minimum of a year, any kind of cost increase so we can start to look towards no tax increase across the board from a County standpoint. We borrowed that money, earned interest on it, and we ought to be able to use that for debt service. The impact on the Rural and Critical and the CIP would basically say if direct a certain amount of that to debt service than there would obviously be some projects that we cannot do. In the case of the Rural and Critical Lands Program, it would give us some less number of dollars that we could spend. In the case of CIP we would have to look at the projects previously approved and prioritized and look at the projects we are willing to delay or forego for the sake of a tax increase.

Mr. Sommerville stated any discussion on millage has to start with a thank you on the operations side. He would like to have a definitive answer on whether or not we can use the interest on the rural and critical borrowings. Also, is there any way we can use hospitality monies? That will require some research. An additional borrowing is another option as a last resort. We are going to see "sticker shock" in FY2010 like we have never seen before. Staff has done an awesome job, now it up to Council.

Mr. Bryan Hill, Deputy County Administrator, stated he will request Broadcast Services provide copies of the last two meetings in order to compile a list of the questions asked so they can be clarified for Council.

Mr. Kubic, County Administrator, stated he would prefer instead of staff developing a list of questions they believe Council has made, it should be reversed. The Finance Committee, as a whole, through the Committee Chairman should let staff know the questions to be answered.

Mr. Caporale stated he agrees with Mr. Baer's question about the contribution line. He would like to see an answer to that as well.

Mr. Kubic stated the premise of this year's budget and the first and second out years is based primarily on the Retreat. Administrator took the outcomes of the Retreat and tried beginning to program them into the operations budget so that we can transition based on policy setting.

Mr. Newton stated he wanted to know how much in the current proposal for operations next year is hospitality tax. Mr. Hill replied \$1.1 million. Mr. Starkey stated he believes it to be \$1.2 million that was contributed this year, which along with the other expenditures have virtually broken even. There are also some monies going toward the operations of it as well. Mr. Newton stated Council should perhaps have a workshop to figure out whether the \$4 million worth of accumulated but unspent hospitality dollars could be utilized, in some fashion, to reduce the impact of debt millage.

Mr. Rodman stated both the Beaufort Regional Chamber and the Beaufort Black Chamber of Commerce agreed they could delay their requests to next fiscal year.

Status: This item will be going before Council for first reading, by title only, on May 10, 2010.

**Comments to Finance Committee May 10, 2010
Steven Baer - County Council District 2**

I have been studying the County's Budget for several months now as it has evolved. Mr. Kubic, Hill and Starkey and their staffs deserve congratulations for providing us with the most detailed and timely information that I have seen during my term in office. Based on that, and similarly good input from the School System, I have put together the following analysis of the impacts on taxpayers. This is based on data for my District, but the conclusions are applicable to others Districts as well.

Figure 1 on the next page shows a comparison of millage rates and fees between this year (Tax Year FY 9-10) and the budget we are now planning (Tax Year FY 10-11). This year's data has been taken from recent County newspaper advertisements and other documents as shown. It will be updated as we get better numbers. For example, the PSD Debt Millage reflects their 5/9/10 newspaper advertisement, but does not yet reflect the new ASR financing we just heard about a few minutes ago. I will include that in my next update of these charts. The County Debt and Rural and Critical Land Debt numbers assume no new actions, per David Starkey's trajectory "A" of 4/20/10. All his other trajectories are higher cost as will be shown later. You can see that most rates have gone up - some substantially. The County staff has done a good job in keeping our County Operations rate stable (so far) at 40.21 mills, but our Debt Millage is rising substantially.

Based on the 2009 data in Figure 1, the total taxes paid for an average home in my District in Tax Year FY 9-10, for both owner occupied and non-owner occupied cases are shown in Figure 2. Except for the fixed Storm Water Fee (SWU), this data scales linearly for different values of homes. As you can see, an owner would pay \$1,693.98 while a non-owner would pay \$4,800.99. The large difference is caused by the School Operating Cost exemption shown as well as the fact that non-owner assessments are 50% higher (6% vs. 4%).

Figure 3 shows the total taxes for the same home in FY 10-11 based on the millage and fee changes shown in Figure 1. You can see that an owner's total taxes have gone up 7.67% while a non-owner's have gone up 4.77%. The reason that a non-owner's costs have gone up by a lower percentage is that some of their increases in other taxes are diluted by the large school operating costs that they pay.

As mentioned previously, the County Debt and Rural and Critical Land Debt numbers shown in all the previous Figures assume no new actions, per David Starkey's (County CFO) trajectory "A". This was contained in data distributed by him on April 20, 2010, as homework for our County Council CIP workshop on April 22, 2010. But there were several potential plans (6 totals) shown by him reflecting combinations of possible: additional new CIP spending (\$38.5 million over 5 years), greater debt reserves, and a potential new Rural and Critical Land referendum. These all will increase our Debt Millage over time - raising taxes even more than the 7.67% just computed for this coming year with trajectory "A". Figure 4 shows these

"trajectories" of expected Debt millage plotted vs. time from Mr. Starkey's raw data. Plan "A", if we do nothing has a 4.14 mill increase due to the impact of having to start paying for past CIP and bond actions. This number is also reflected in Figure 1 (and is the sum of 6.43+3.46-3.62-2.13 mills).

Figure 5 summarizes comments based on all the previous data. The staff has done a very good job at holding operations costs at previous levels. They have also done a tremendous job in providing the data we need to make informed decisions for the future. But even with the minimum trajectory "A", taxes will rise 7.67% for owners and 4.77% for non-owners. This is the result of having to pay for previous CIP decisions that we, County Council, made over the past few years. When we made these, we all heard the needs and had warm thoughts about what we were buying. But we never really considered the costs of what we were buying, especially in future years, which have now arrived. This is like buying on a credit card without regard to future bills. Unfortunately, the bills have now started to arrive.

As I look over this data, I feel that County Council needs to step up to the plate and rapidly make some key policy decisions in order to bring the growing taxpayer burden under control. This is exactly what we asked the School System to do, and we should live by the same rules and scrutiny that we impose on them. The staff has provided us with the data to do that. The buck now stops with the eleven of us, and we need to make some needed decisions rapidly. For example:

- We need to seriously look at all \$38.5 Million in new CIP wishes over the next 5 years and determine what we really need, and what we could live without or postpone. Every cent of those \$38.5 Million is beyond trajectory "A" and hence is in addition to the 7.67% tax increase mentioned earlier. The FY 2011 CIP wish list alone is \$9.9 Million. We have to remember that these CIP wishes are usually financed by debt, whose payments will add to our already existing debt payments.

- According to the data we have \$2 Million in "Retain age" and \$14.2 Million in assigned but unused budget from past CIP plans. How much of the essential new CIP items could be paid for by 'repurposing' previous unspent CIP funds, thereby avoiding new debt?

- According to the latest airports data, they currently owe the General Fund about \$2.1 Million. Their budgets are also not balanced, so that this figure will grow. As I have mentioned at many previous Finance Committee and County Council meetings, the airports have the power to reduce and possibly eliminate these deficits with reasonable landing fees on private aircraft (they currently charge none, only charging on commercial and passenger planes) and other non-onerous measures. I have no problem with providing them a small subsidy - mainly for commercial operation, if they have shown good faith in keeping their budgets under control and are charging reasonable fees. But they have chosen not to do that and we, County Council, have let this go on for more than a year. The net result is that \$2.1 Million of our ability to finance other projects (roughly 10% of our total County cash reserve) such as these CIP projects, plus the financing of their ongoing operations shortfall is now committed to this default airport subsidy policy that we never voted on. (We also have not heard more information on the substantial - roughly 60% - of private aircraft property taxes that appear to be uncollected through 3/31/10.) I

cannot condone a County budget that raises taxes on ordinary citizens in order to finance these kinds of subsidies, mainly for private users.

- We have spent a lot of time talking about the possible County purchase of the Beaufort Commerce Park, and it appears that \$1.5 Million has been put into the \$38.5 Million CIP wish list (labeled Economic Development - FY 2011) to rescue it from default. But from the previous meetings it appears that this could require as much as \$2.5 Million. Thereafter we may get a request to put up a Spec. building at additional cost. We may also get requests for other ongoing operational needs. For months we have asked for a forward looking business plan outlining these potential costs and additional costs, the alternatives to this purchase - such as use of other properties, other types of subsidies, other zoning options, other plans, etc. We have also asked for data on how the taxpayer would get paid back. (From some of these previous meetings we recently heard that we may have to give the land away or sell it below cost.) We have received none of this - only a very sketchy, non-forward looking document. I cannot condone a County budget that raises taxes on ordinary citizens in order to finance an ill defined plan such as this.

- I was one of the first to step up and support (the original plan for) the St. Helena Library, and was one of the key votes to help Mr. McBride get the past \$5 Million CIP allocation restored for that. But the plan (what we have seen of it) now requires an additional \$1 Million of CIP funds. County Council voted to approve that, but that money has to come from somewhere. It will likely raise taxes. Furthermore, the funding for this Library now has been co - mingled with that for the Administration Complex Reskin to the point that it is impossible to separate and track details of each. For example, on the materials provided to County Council for the April 22, 2010 CIP workshop, there is a \$6 Million FY 2011 CIP item labeled St. Helena Library with a footnote referring to the Administration Complex Reskin and an April 12, 2010 CC vote, but no additional data to explain how this relates to the \$5 Million St. Helena funds already in previous CIP budgets. There is no clear written record that I can follow to disaggregate the funding plans and costs for these two very different projects. In order to remedy that, on May 6, 2010, I sent Mr. Hill and Mr. Rodman a very simple table that would separate the expected costs of the two projects, the funding sources, and expected interest rates. Completion of this table would provide the visibility and transparency that taxpayers deserve as we spend their tax money.

- In looking over the data for the St. Helena Library (SHL) it also appears that its Level of Service (LOS) in terms of size and operations costs per unit of population are much higher than our other branches. There is also a second SHL line item in the new operations budget, almost doubling in 2012. I believe that libraries are good investments, but it seems fair that all our major library service areas should have the same operations LOS and should be allocated equal operations costs per population. This does not seem to be happening, and requires explanation.

In summary, we need to seriously consider the impacts of this budget and CIP on taxpayers, who are already hard pressed. We now have the data to do that, and need to vote on key policy decisions such as those above. I am also starting to worry about the impacts of this on our proposed new Rural and Critical Land Purchase Referendum. It seems to me that when we consider the layering of all these costs (including these new CIP costs, new school costs, the past

road sales tax referendum, possible municipal tax increases, and other proposed taxes) the taxpayer shock may translate into rebellion against any new tax votes. Hence, we need to demonstrate our careful analysis, fair decisions, and restraint.

DRAFT

Figure 1 – Estimate of FY 10-11 Tax Rates and Changes vs. FY 9-10

Estimate of FY 10-11 Tax Rates and Changes				
	FY 9-10 Mills	FY 10-11 Mills	Increase %	Notes & FY 10-11 Source
County Operating	40.21	40.21	0.00%	No Change - Packet Adv. 5/9/10
County Debt	3.62	6.43	77.62%	Minimum Plan A - Starkey 4/20/10
Property Purchase (Rur/Crit Land)	2.13	3.46	62.44%	Minimum Plan A; W/O New Referendum - Packet Adv. 5/9/10
School Operating	90.26	92.07	2.01%	Packet Adv. 5/9/10 (Another 1.7 Mills in FY12/?)
School Debt	24.43	26.3	7.65%	P. White at Finance Comm. 4/27/10 (To 28 Mills in FY12)
Town of HH	18.54	18.54	0.00%	TBD - Value Assumed
HH PSD Operations & Maintenance	3	3	0.00%	Packet Adv. 5/9/10
HH PSD Debt Service	2.82	3	6.38%	Packet Adv. 5/9/10
Indigent Care	Incl. In County Operating			
Cont. Educ.	Incl. In County Operating			
SWU	\$83.23	\$108.00	29.76%	HH Proposed per Island Packet Article
Total				
5/9/10 Provisional View				
SWU figure shown is based on a single family unit with 2522 - 7265 square feet of impervious surfaces				

Figure 2 - Total Taxes For a Home in FY 9-10

	2009 Bill (FY09-10)	Owner Occup. \$	\$ Saved	Non Owner Occup. \$
Value	\$425,000			
Assesment Rate		4.0%		6%
Assessed Value		\$17,000		\$25,500
County Operating	40.21	\$683.57		\$1,025.36
County Debt	3.62	\$61.54		\$92.31
Property Purchase (Rur/Crit Land)	2.13	\$36.21		\$54.32
School Operating	90.26	\$0.00	\$1,534.42	\$2,301.63
School Debt	24.43	\$415.31		\$622.97
Town of HH	18.54	\$315.18		\$472.77
HH PSD Operations & Maintenance	3	\$51.00		\$76.50
HH PSD Debt Service	2.82	\$47.94		\$71.91
Indigent Care	Incl.			
Cont. Educ.	Incl.			
SWU		\$83.23		\$83.23
Total	185.01	\$1,693.98		\$4,800.99
Value of Homestead Exemption (65+) on first \$50,000		-\$189.50		\$0.00
10/13/09 View				
SWU figure shown is based on a single family unit with 2522 - 7265 square feet of impervious surfaces				

Figure 3 - Total Expected Taxes For a Home in FY 10-11

	2010 Bill (FY10-11)	Owner Occup. \$	\$ Saved	Non Owner Occup. \$
Value	\$425,000			
Assesment Rate		4.0%		6%
Assessed Value		\$17,000		\$25,500
County Operating	40.21	\$683.57		\$1,025.36
County Debt	6.43	\$109.31		\$163.97
Property Purchase (Rur/Crit Land)	3.46	\$58.82		\$88.23
School Operating	92.07	\$0.00	\$1,565.19	\$2,347.79
School Debt	26.3	\$447.10		\$670.65
Town of HH	18.54	\$315.18		\$472.77
HH PSD Operations & Maintenance	3	\$51.00		
HH PSD Debt Service	3	\$51.00		\$76.50
Indigent Care	Incl.			
Cont. Educ.	Incl.			
SWU		\$108.00		\$108.00
Total	193.01	\$1,823.98		\$5,029.76
Increase From 2009 Bill		7.67%		4.77%
Value of Homestead Exemption (65+) on first \$50,000		-\$201.88		\$0.00
5/9/10 View				
SWU figure shown is based on a single family unit with 2522 - 7265 square feet of impervious surfaces				

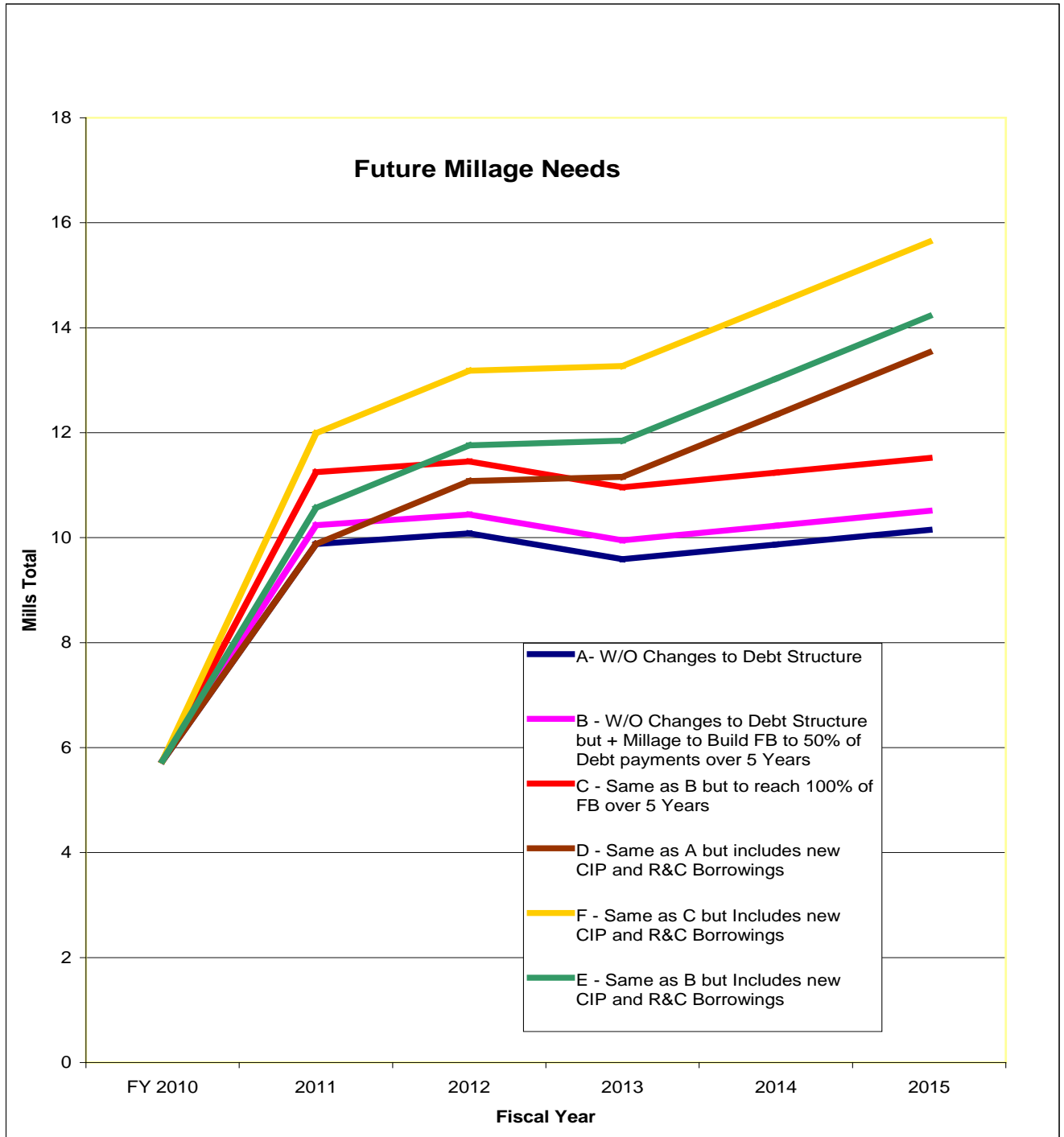


Figure 4 - Trajectories of County and Rural/Critical Debt Millage

(Plotted From Starkey Data of 4/20/10)

Figure 5 - Summary of Comments Based on Previous Figures

Budget Opportunities, Comments & Loose Ends

Staff Has Done Good Job on Operations Budget, But

- **Base Line Taxes (Plan A Minimum) will Rise by 7.67% (Owners), 4.77% (Non-Owners)**
 - Paying for Past CIP Decisions
 - Other Options Beyond Plan A Even Higher, Especially in Future Years

Many Loose Ends Need Review & Council Policy Decisions

- **Use of Past CIP \$2M Retainage & \$14.2M Assigned/Unused to Lower Tax Impacts?**
- **Airports Currently Owe General Fund About \$2.1 Million**
 - Unbalanced Airport Budgets Will Increase IOUs
 - Policy on Payback and Lack of Private Plane Landing Fees In Limbo for Over a Year
- **Beaufort Industrial Park in CIP for \$1.5 M,**
 - May Really Need up to \$2.5M; May Need Spec. Building; May Need Even More Funds; No Forward Looking Business Plan; No Realistic Analysis of Alternatives
- **St. Helena Library in CIP for Extra \$1 Million Over Original Plan**
 - Approved By CC, But Money Has to Come From Somewhere
 - Commingling of Funds with Administration Building Reskin Has Not Yet Been Dis-aggregated
 - Space and Operations Level of Service Far Larger Than Other Branches
- **How Much of the \$38.5 M CIP Over Next 5 Years is Essential or Could be Postponed?**
 - 2011 CIP Portion = \$9.9 M

We Need to Seriously Consider Taxpayer Burden

FINANCE COMMITTEE

May 10, 2010

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Finance Committee met on Monday, May 10, 2010 at 2:00 p.m., in the Executive Conference Room, Administration Building.

ATTENDANCE

Finance Committee members: Chairman Stu Rodman, Vice Chairman William McBride, Steven Baer, Brian Flewelling, Paul Sommerville, Jerry Stewart and Laura Von Harten attended. Non-committee member Rick Caporale, Gerald Dawson and Weston Newton were also present.

County Staff: Bryan Hill, Deputy County Administrator; Gary Kubic, County Administrator; David Starkey, Chief Financial Officer.

Media: Kyla Calvert, *Beaufort Gazette*; Joe Croley, Hilton Head Association of Realtors and Richard Brooks, *Bluffton Today*.

Board of Education: Chairman Fred Washington; and members Jim Bequette, Earl Campbell and Wayne Carbeiner.

School District: Shawn Alfred, Chief Instructional Services Officer; Tonya Crosby, Finance; Valerie Truesdale, Superintendent; Phyllis White, Chief Operational Services Officer, and Jessie Washington.

Hilton Head Island PSD: John Guisler, Commissioner; Pete Nardi, Communications Manager; Larry Sap, Finance Officer.

Pledge of Allegiance: The Chairman led those present in the Pledge of Allegiance to the Flag.

ACTION ITEMS

1. **Beaufort County School District**
 - **Teaching Moment**

Discussion: Board of Education Chairman Mr. Fred Washington introduced this item and introduced Dr. Shawn Alfred, Chief Instructional Services Officer, to share some of the things taking place in Beaufort County schools. The District's core mission is to enhance the quality of life for our community through education, not only through students but for the adults in our community as well. Even in this trying time, we are proud to say that our bottom line is that we feel substantiated through documented growth on assessment that our kids are learning and student achievement is moving forward in Beaufort County schools. On May 18, 2010 there

will be the opportunity to present to the School Board the final results of MAP (Measure of Academic Progress) Assessments for this school year. All of the preliminary scores show a tremendous growth in areas of math and science. The District took great care to push these two areas. They are linked to global society and job market. This past year, increasing numbers of schools meet adequate yearly progress. That is a federal benchmark by the government. Schools have to show adequate yearly progress toward the 2012 goals of the percentage of students being proficient in content areas. Last year, the District had four schools to meet AYP, this year there were 12 schools to meet AYP. We were able to increase the number of math, science, literacy and technology cultures. It is the District's goal and desire to be the best stewards as we can of public funds. When the District sees needs, they try think outside of the box and find ways to add to that instructional program in a way that is not a burden to the taxpayers. That is also done through collaboration with other agencies. A good example of is the great collaborative effort with Head Start.

The District has schools winning a number of awards based upon student achievement. In 2008, there were 13 gold and silver awards and 6 Closing Achievement Gap awards. In 2009, there were 9 gold and silver awards and 6 Closing Achievement Gap awards. The District, this past year, had the opportunity to apply for and did receive national accreditation through advanced education for all schools.

Mr. Flewelling wanted to know why in 2009 there were less awards won. Dr. Alfred stated there is an opportunity to realize our benchmarks do move up. There is a sliding scale based on the State. The bar was set higher in 2009.

Dr. Alfred also stated in 2008 there were four schools per school report card that received an "at risk" rating. That is the rating where state intervention generally takes place. In 2009, there was only one school remaining in that category – Whale Branch Elementary School. He also stated because of the work and achievement at that School, this school year, the District anticipates very soon it will be named as one of the State's few turn-around schools. That is not only a tremendous achievement and accolade for the students and the faculty at that school but it also comes with a great financial award/assistance to continue the process of teaching and learning in that school. The District is excited about that.

Dr. Alfred also spoke about the reconstitution of four of the most academically challenged schools as Accelerated Learning schools in the past few years. There is an additional 20 days of extended learning time for all students who have not met state standards. There has been the opportunity to blend to one calendar. He also pointed out there was a tremendous amount of training that has taken place for our teachers. We realize student achievement will move forward through quality teaching. That cannot happen if we cannot continue to provide quality opportunities for our teachers and staff to become better at their craft/trade. The summer institute, for the past three years, has been well attended. We are on course for the same this summer and are looking forward to the opportunity. There will be three dedicated days for teachers to come and sharpen their skills. It is voluntary, not mandatory.

There are a number of things in the school district that illustrate positive trend as it relates to the growth of student achievement. The District will present to the Board of Education, on May 18, 2010, the results of the Spring MAP scores. Specific areas of focus will be highlighted. One of those was reading for early learners. At the beginning of this school year, the District targeted and made a special effort to increase the reading scores for students in grades K-2nd. He is proud to say the results uncovered, to this point, show substantial gains in the number of students reading at or above grade level for school year FY2010.

Mr. Sommerville said he read a lot about states “gaming” their math programs, i.e., raising the bar but lowering the standards or dumbing the test down. What does South Carolina do in that regard?

Dr. Alfred stated the content and standards for South Carolina have not changed. What did change was the definition of proficient as it relates to federal guidelines. For instance – in the past on the PACT Test what was considered to be basic, was not proficient as far as the federal government was concerned. With the adjustment of the benchmark/demarcation line, what is considered basic now, using old PACT terms would be considered proficient, under those federal guidelines.

Mr. Stewart referenced the gold and silver awards being a moving bar and wanted to know how other schools compare in the state. Did they have similar performances or were they able to maintain their level and progress with the moving bar? Dr. Alfred replied he cannot speak specifically on how other districts did. As a state, school districts as a whole did not do as well as in the past, not as it relates to gold and silver awards but with the transition from PACT to PASS. This year of transition as it relates to the grading/scoring of the test, you will find as you look at the District’s information, not as many districts across the state did as well. Actually, some of the calibration takes place for school districts is somewhat a mystery. That is evident because according to 2009 there was only one school district in the state that got an excellent rating. The majority were either average or below average.

Mr. Stewart wanted to know the standards and the meaning. We need benchmarks/standards/guidelines we can follow and track. Yearly things seem to change – the lexicon and the names of tests, etc. It is a “cloud.” Who knows what it means?

Mr. Washington stated the origin of all this is No Child Left Behind. Historically, every year the benchmark moves higher and things are more difficult for people to achieve. What you find is on a whole, as stated, you find nationally fewer schools meet those standards as they increase the level of the benchmark not being achieved. Every year it becomes more difficult to deal with No Child Left Behind. Testing has always been an issue, not only in this state but nationally.

Mr. Stewart wanted to know how you calibrate, as a citizen, how much the bar is raised, what it really means and the value. It is a mystery to most of us.

Dr. Alfred stated they will provide some of the information for Council to review if that is of interest. The information is posted on the website for the EOC Oversight Committee. It is a very user friendly website, which gives a great definition of what characteristics one must meet to have a gold or silver award. One thing lost in the conversation is a school's improvement rating weighs heavily onto the gold and silver awarding.

Mr. Stewart asked what percentage is proficient. Dr. Alfred stated information will be brought back before Council after the presentation to the Board of Education on May 18, 2010.

Mr. Jim Bequette stated historically there are only two states with real difficult tests. South Carolina and either Maine or Massachusetts are the only two that track past scores. All individuals are supposed to be proficient by 2014. He stated he disagrees with No Child Left Behind.

- **School District FY 2011 Budget Proposal**

Discussion: Mr. Rodman stated two weeks ago the District presented their budget to Council and at the last meeting Council put together a list of questions useful in understanding where we are in regard to the budget. He introduced Mrs. White to review with Council some of their concerns.

Mrs. White stated County Council requested some information for FY2011 and the previous five years regarding the revenue of the General Fund and all funds, as well as expenditures of the General Fund and all funds. She presented this information to the Committee. She pointed out what is unique about the District is they are required to provide teacher salary increases in step. The FY2005, FY2006 and FY2007 included all general funds and all the restricted funds – special revenue, EIA, debt service, capital projects, school food service and student activity. The money in those other funds cannot be used for anything other than the purpose for which they have been established. Special revenue includes special education and is Title I. EIA (Education Improvement Act) includes gifted and talented monies. Stimulus funds would be in the restricted funds and could cause a significant increase in the District's budget because you are adding in funds restricted for a certain purpose. Capital projects – if we are building new schools, expenditures will go up significantly during the years schools are being built. There are people calculating per student cost, but you have to remember there are dollars that are one-time expenditures. School Food Service – is a self sustaining fund. It is paid for by parents that pay for their student's meals as well as USDA Funds. Student Activities is monies that belong to the students. When we say All Funds, the majority of those funds cannot be used for operations. They are restricted, with the exception of the General Fund.

In FY2006, there was a 1.61% teacher salary increase plus step and growth in the County. FY2007 included a reduction of \$16 million in EFA Funding. It also included a 2.61% teacher salary increase plus step and increased operational costs due to the opening of Hilton Head Island Early Childhood Center. Palmetto Electric Co-op also increased their costs by 10%; SCEG increased by 2%. There was an expanded use of MAP as an assessment to inform teachers of progress prior to PACT. FY2008 included a 4.6% increase in expenditures due to the

following: Dr. Truesdale being hired, new instructional staff in the amount of \$1.5 million and 21 teachers for growth. There were also TIF adjustments in the amount of \$7.7 million and Act 388 was implemented resulting in state revenue in excess of the projection of \$9 million. Teacher's salaries also increased 3.31% in the amount of \$3.4 million. The completion of the salary study cost \$1.7 million. Retirement increased 1% in the amount of \$900,000, health insurance increased 5.6% in the amount of \$455,000, workers compensation increased 2% in the amount of \$27,000 and there was an increase of 3.31% or \$1.1 million for a cost of living. The District planned to add \$5.6 million to the fund balance which was going to be used for debt payment for FY2009 and \$5.1 million was under spent. The District transferred \$1.7 million to pay down 8% debt. \$4.2 million is to be transferred to long-term debt. The decision was to not transfer to debt because Act 388 was going on, the District had to open six schools and the economy was very shaky. The District wanted to make sure the fund balance was kept intact between 10 and 15%. When planning the FY2010 budget, it was decided the District not do the transfer (that was the year Dr. Truesdale was hired.) In that budget, the District held off on hiring teachers, instructional coaches and had significant savings in energy costs. In FY2009, there was a 3.85% teacher salary increase in the amount of \$3.5 million, retirement increase in the amount of \$445,000 and FICA increase of \$266,000. In FY2010, four new schools opened – Riverview Charter, Red Cedar Elementary and 2 early childhood centers. The mill cap was 6.8% and there was no increase. There was also no COLA for employees, only a step increase for teachers. Also the district reduced 74 positions.

Mrs. White presented to Council the 45 day enrollment breakdown over the last 5 years and the projected 2011, by school. She also presented the Committee with a staffing comparison for FY2009-FY2011. It is a transparent way of looking at it. The District reduced in their general fund 24 positions; however of those positions eliminated, 9 went to special revenue. By showing a net of 15, the District is being truly transparent. The District reduced their general fund budget by 24 positions. Some went to Title I funding and some went to At Risk Funding.

Mr. Sommerville asked why attendance specialists went up by three. Mrs. White replied that it was due to new schools.

Mr. Sommerville wanted to know about instructional assistance and wanted to know if behavior challenged students are being put back in the main stream and if so we should be increasing the amount of assistance, not decreasing. Mrs. White stated instructional assistance could include pre-K or Kindergarten assistance or both. An assistant is mandatory for those two grade levels. Some instructional assistance may be in Title I and some may be in special education. These are All Funds. In the District's General Fund, the only instructional assistance is the required ones. The rest are approved through special revenue. There used to be many more but with our staffing formula we have significantly eliminated assistance.

Mrs. White then presented the Committee with the District's six year comparison – expenditures per student. Onsite is the official cost per student database. They use all funds except capital and debt. In that per pupil expenditure are the kid's chest club money, lunch money, etc. Funds the District cannot use in daily operations are included in there. Mr. Bequette added Food Service collects for the food they sell. She stated the cost per student will show an

increase over time because all of the stimulus money, \$8.9 million, for Title I and IDEA. It will inflate the numbers for these onetime dollars.

Mrs. White then presented the Committee with the District's Pre-Kindergarten enrollment data. The District made it more efficient by splitting them into two half-days. You get twice as many children to enroll into the program, with the same staff. The District tried getting more "bang for a buck." In FY2009, the District served 685 children. For FY2010 they served 902. Children were able to be taken off the waiting list and put into the classrooms. There is a criterion students must meet in order to be served in the Pre-K programs.

Mr. Flewelling stated there are two different sheets that show enrollment numbers. Mrs. White stated these are capacity numbers or programs capacity. Students who meet the criteria are the only ones the District will serve. Enrollment may not be the same as capacity.

Mr. Caporale asked about Mrs. White's comment in regard to the stimulus funds. Mrs. White stated \$8.9 million in Title I and IDEA are one-time funds and must be used within two years. The District is using it for their Extended Learning Program and Accelerated Learning Schools. It is not being used to fund positions nor to supplement the operating budget. Teachers are being paid to work 20 extra days. It will be counted in the cost for students. It will inflate the per student costs for one time money.

Mr. Baer wanted to know the demand of Pre-K children. Mrs. White stated she is unsure. Dr. Truesdale stated the District has been able to serve more students with the same number of staff. We still have a waiting list but a number of them have been served. The waiting list is between 100 and 200 across the County.

Mrs. White presented the Committee with the Tier III items. There was more on the Tier II but some were executed for reductions. There were some positions eliminated and contract days that were eliminated. She presented the remaining items left in Tier III which included the following:

Employee's Share of Health Insurance	\$1,209,914
Pre-K Teachers	\$ 931,889
Pre-K Assistance	\$ 396,932
Nurse Assistance	\$ 27,494
Hall Monitors	\$ 394,722
Athletic Equipment Allocation – reduce by 5%	\$ 21,100
Athletic Stipends – reduce by 5%	\$ 62,789
Academic Stipends – reduce by 5%	\$ 32,435
Athletic Insurance – elimination	\$ 199,584
Academy for Career Excellence (content teacher)	\$ 84,442
School Resource Officer (reduce 5)	\$ 295,350
Parenting Program	\$ 135,574
Hiring Supplements – orientation stipends	\$ 48,000
ADEPT Stipends	\$ 70,500

National Board Certified Local Supplements

\$ 355,800

Total Tier III

\$4,266,524

Dr. Truesdale stated in January 2009 the Board asked administration to repair a budget that was a no tax increase budget and to separate the budget into three categories: items mandated by law, things that have to be done but not mandated, things we need for our schools but we can still run schools if they were cut. In this economic time, none of these cuts are good. There is not a happy note in any of this. If push comes to shove, this is what we would end up cutting.

Mrs. White stated Mr. Baer, at the last meeting, asked for a demographic breakdown by school. She stated there is a difference in LEP students, which are limited English proficiency, and Hispanic. There was an increase in Hispanic students of 236. LEP is over 3,000. 96% are Spanish. There was an increase in LEP from 14 to 15.4%.

Mrs. White stated at the last meeting Mr. Sommerville inquired on the cost of ESOL teachers. Of those, 24.5 teachers are paid from the general fund and 14.5 are paid from the Special Revenue Fund for a grand total of 39 teachers, costing \$2,518,013. These costs at \$2.5 million are unique to this group of students. It is not the total cost to educate that child. There are other costs with that child – art teachers, P.E. teachers, etc. She also presented other ESOL Information. 87% of ESOL students are in Bluffton and Hilton Head Island. Last year that number was 92% so there has been a shift to schools north of the Broad River. In northern Beaufort County the schools with the highest ESOL populations are Shanklin Elementary, Broad River Elementary and Battery Creek High. English proficient scores are the 4th highest in the state. She stated all elementary and middle schools made up of AYP and LEP in English Language Arts and Math. The only two who did not were Hilton Head Island High and Bluffton High. Also last year ESOL teachers were reduced by 8 teachers and this year there were three new schools. The number of ESOL staff did not increase. The state recommends one teacher for every 60 students. Currently, the District is staffed at approximately 1 teacher for every 78 students.

At the last meeting, Mr. Baer asked about efficiency ratios which she provided.

Mr. Rodman stated the District provided a very comprehensive presentation on the questions Council asked. In terms of going forward, there will always be additional questions or requests for details. Tonight the School District's budget is up for first reading. The District has thrown a lot at Council. He suggested allowing Council to digest the answers to the questions and perhaps if needed additional questions will be asked. This has gone a long way. As we work through the next 1.5 months, give the economy and that all other taxing entities are doing whatever possible to avoid a tax increase; we need to look at whether or not there is justification for a tax increase for the District. That may trigger further questions.

Mr. Stewart stated at the last meeting he asked for a comparison of what the District versed the County has been cut from the state.

Mrs. White showed a graph of the District's reductions in state funding over the last eight years. She also showed a list of all the unfunded mandates and underfunded mandates. She stated she has a chart with other areas the District has been cut.

Mr. Rodman wanted to know if some of the mandates were removed as the state cut funding. Dr. Truesdale replied that the state has not repealed any of their mandates but have passed a proviso of flexibility that says some can be ignored temporarily. How the District applies the flexibility is subject to each year's conversation. Mrs. White added the funding can be moved from one area to another. It really allows flexibility on how to spend it.

Mr. Newton asked the District to show the \$16 million of reduced EFA Funding in FY2007. Mrs. White stated in FY2007 the local tax revenue went from \$104 million to \$130 million. In 2006, was a hold harmless and then went away.

Mr. Newton stated he had someone inform him that we did not lose \$16 million in state funding, that it was just a convenient argument by County Council and the School District. Mrs. White stated from FY2004 to FY2010 there is \$16 million.

Mrs. White stated the chart she presented does not demonstrate all loses, just EFA and when some funding was changed to be rolled into the EFA formula. The District lost \$2 million through EIA and \$800,000 in General Fund last year.

Dr. Truesdale stated the District could put together a greatest loser's chart and Council will see the District cannot only substantiate the \$16 million but also considerably more.

Mr. Bequette stated the District has been over a million dollars short yearly. Year 2008 was the year they audited the owner occupied base, there were 7,994 more from the stated. We have been using too high a yield rate on the taxes.

Mr. Rodman stated this is a longer discussion in which there is not time for today. If we look back over a long enough period of time, we do in fact collect close to 100% of the taxes. It is a timing issue relative to collections on foreclosures and late payments. To some extent there is short fall on personal property but there is also the increase on penalties, etc. This will be looked at in detail, but not today.

Mr. Bequette asked Mr. Starkey what the County used as a yield. Mr. Rodman stated this is a discussion that we do not have the time for today.

It was moved by Mr. McBride that the Committee approves and recommends Council approves, by title only, the School District's Budget. The vote was: FOR- Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville, and Mr. Stewart. ABSENT - Ms. Von Harten. The motion passed.

Recommendation: Council approves on first reading, by title only, the School District's Budget.

2. Hilton Head No. 1 Public Service District – \$4 Million General Obligation Bond

Discussion: Mr. Rodman introduced this item to the Committee. We as County Council have to authorize this bond but it really comes out of the Hilton Head Public Service District (PSD) tax district funds and decisions. This is approved by a tax district with its own elected officials.

A representative of the PSD stated what is before the Committee today is the authorization of up to \$4 million of GO Bonding for the construction of more facilities to deal with the salt water intrusion on Hilton Head Island. The Hilton Head Island PSD was before Council in 2006 when the Committee authorized the funding to build the reverse osmosis water treatment plant on Jenkins Island, serving Hilton Head Island. That has been completed and is in full operation, producing about a billion gallons a year of high quality water for the north end of Hilton Head Island. The saltwater intrusion issue is well known. In the last few years the PSD lost 6 of the wells and is expected to lose six of the remaining seven by 2020. The saltwater content will exceed drinking water standards and will need turning off. Jenkins Island, on the north end, has three wells that are down to the middle Floridian aquifer, a brackish aquifer. That water is being treated. The upper Floridian wells are not being treated because the chloride levels are going straight up. The middle Floridian chloride levels are pretty consistent. Some former wells on Hilton Head Island are at 6,000 mg per liter of salt. 250 mg is the maximum contaminate level. An ASR (aquifer storage) recover project is using the middle Floridian aquifer as a storage that water will be pumped into and for off seasons there is a purchase agreement from BJWSA to buy off peak water at a reasonable rate, put it into the aquifer and store it there where it is pumped back out at peak times when needed. Currently BJWSA used the same technology in two places, and are building a third one. They offered to build a facility on the Island, but we decided to do it ourselves. He presented a photo of the transmission system on the north end of Hilton Head Island coming in from the mainland buying the wholesale water from BJWSA. The reverse osmosis treatment plant plugs into a 12-inch main and is pressurized to Broad Creek. Broad Creek PSD and the Hilton Head PSD own it jointly. He stated they are proposing, in order to get more water into Hilton Head Plantation, is to not only do the ASR but to also do a transmission line off the 24-inch main and into Hilton Head Plantation. The intent is to pressurize the line using the Pembroke reservoir located near Wendy's. It was originally planned to be a reused water tank but it was put into the portable system. That is to be used to maintain pressure in that line in order to move water around the District.

The PSD proposed a \$4 million GO Bond. The current millage is 5.82 mills: 3 mills operating and 2.82 mills debt. With the \$4 million and numbers provided by County staff, the PSD has an estimated PSD total millage for FY2011 of 6.66 mills; 3 mills operating and 3.66 mills debt. What is the impact on this as a home? The tax would go up from \$23.28 to \$26.64 on a \$100,000 home. This project is not by itself. There are future capital improvement projects that will need to be done to deal with the salt water intrusion. The 2013 time frame is what is being looked at for this project to replace the Front Gate, Seabrook and Union Cemetery Wells as they begin to salt up. In 2017, an ASR well will be needed to replace the Wild Horse well. It will

probably be located in the Port Royal Plantation area. In 2020, a third ASR well will be needed to replace Squire Pope and Windmill Harbour wells and possibly an expansion of the Reverse Osmosis plant will be needed. This is more than just one project. It is part of an overall project to provide County-wide high quality drinking water to Hilton Head Island as we lose all of the wells.

Mr. Baer stated in the newspaper ad published, FY2011 millage was at 6.3 operations and 3.0 debt. He wanted to know if this millage is FY2011 or FY2012.

A representative of the PSD stated there were 5.82 mills last year. With the projections provided by County staff and the preparation of the lack of collections, etc. the PSD was informed to be prepared to take the amount up higher to collect the RO debt. This will need to go through an addition budget hearing to implement it.

Mr. Baer stated the County is projecting CIP millage, debt service millage over 5 years. He stated it would be nice to receive information from the PSD as well. We should look ahead will all these other things coming, on what the millage will be over 5 years. A representative of the PSD stated they will provide that data.

Mr. Sommerville wanted to know whether or not the PSD has one million excess capacity in the Reverse Osmosis Plant. A representative of the PSD stated the plant was designed for 6 million gallons and there is currently 3 million gallons in operations today. It is expandable to 6 million. Additional wells, etc. would be needed for the additional supply.

Mr. Sommerville wanted to know if Hilton Head Plantation is on the Reverse Osmosis grid now or self-contained with well water. A representative of the PSD said Hilton Head Plantation only has one remaining well, the others are salted. There are several wells in between the Plant and Hilton Head Plantation.

Mr. Flewelling wanted to know, theoretically, the last time there was an increase in the rate charged for water. Would the PSD do any of this using that money? A representative of the PSD stated there have been two rate increases in the last two years. They were small increases, approximately 4%. Dealing with the saltwater intrusion is such a long-term big picture issue. The PSD tried using this as a means of funding this particular project because of it being a resort community. There are a lot of empty/vacant lots not being developed. This brings everyone as part of the long term solution. If it is put into the rates, then the current people today would have to pay for it, as opposed to long term. That is the reason that particular funding source was used.

Mr. Newton wanted to know the alternative. A representative of the PSD said the alternative is to continue purchasing the water from BJWSA and paying peak service rate. The current BJWSA rate is \$1.58/1,000 wholesale. They are selling us off peak rate at \$.75/1,000. That is being used for the ASR. We would need to do the transmission improvements wherever we get the water because we are losing the wells and the diverse system that we previously had. We need more transmission type projects in the future to move water around.

Mr. Newton wanted to know how much the ASR project is. A representative of the PSD replied \$3 million for ASR and \$1 million for transmission.

Mr. Caporale inquired as to the consumption over the last three to five years. A representative of the PSD replied it has been steady, but have had two very wet years. They are anticipating an improved year this year with better weather. It all depends upon the weather. There is also growth we have to deal with.

It was moved by Mr. Flewelling, seconded by Mr. Baer, that Committee approves and recommends Council approves on first reading an ordinance finding that the Hilton Head No. 1 Public Service District, South Carolina may issue not exceeding \$4 million general obligation bonds and to provide for the public notice of the set finding and authorization. The vote was: FOR- Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville, and Mr. Stewart. Absent- Ms. Von Harten. The motion passed.

Mr. Rodman stated the Clerk to Council has given some language modifications that have come from the attorney in terms of the resolution and ordinance. He would like for Ms. Rainey to fold those into the language going forward.

Recommendation: Council approves on first reading an ordinance finding that the Hilton Head No. 1 Public Service District, South Carolina may issue not exceeding \$4 million general obligation bonds and to provide for the public notice of the set finding and authorization.

3. County FY 2011 Budget Proposal

Discussion: Mr. Rodman introduced this item with the Committee. In terms of the County budget, moving forward, staff is in the process of taking the amount of money requested by the groups and balancing to where we have no tax increase. That process is coming along well. As Council looks at it, are there any questions in a similar mode to the School District. Are there things we would like to further understand? He would like to know the shortfall in the state funding that may be impacting entities that there is no one to pick up the safety net and we may have to pick that up.

Mr. Baer stated he looked at all of the millage changes happening for his district, which has a mixture of very wealthy and not so wealthy people. Every source except for the County Operating Budget is giving tax increases. He presented the latest data from the *Island Packet* and from Mr. Starkey. County debt is going up 77%. Purchased property and Rural and Critical Lands are going up. The School District is going up. The Town of Hilton Head Island and the County's Operating budget are the only ones not increasing. He presented a computed tax bill for FY2010 which he says is also incorrect because he missed another .84 mills. If Council looks at FY2010 for what the Chamber calls an average house, owner occupied taxes would go up 7.67% and non-owner occupied houses will go up 4.77%. This is a substantial tax increase. We are seeing increases with the baseline CIP budget. He then presented Mr. Starkey's CIP budget projections under four different kinds of assumptions. This is worrisome. All of that was translated to the following conclusions: Overall staff has done a great job on the Operations

Budget. Not only is the budget with no growth but the data presented to understand it has been good. Even with the most modest plan, taxes will go up approximately 7.7% for owner occupied and 4.7% for non-owner occupied. We are paying for all of our past CIP decisions. We make these CIP decisions and we do not really understand the impact of the things that sound good to us and do not understand the downstream taxes. If we assume anything other than the modest assumptions, taxes will be even higher, especially in out years.

He stated there are many loose ends on the CIP side of our budget. We should be making the policy decisions now and not ducking them. There are \$2 million of retainage from past CIP Projects and \$14.2 unassigned or assigned unused. We should be looking at those amounts of money to lower our taxes in the upcoming fiscal year. Also, the Airports still owe us \$2.1 million. That increases yearly. In their five year budget, their IOUs go up and we have not filled that gap. Our policy and payback of those loans and lack of landing fees for private planes has been in limbo for more than a year. In looking at the CIP list, which contributes to more tax increases, beyond the 7.7% there is the Beaufort Commerce Park in there for \$1.5 million and could cost up to \$2 million. We may also need a spec building and other costs that have not been predicted. There is no forward looking business plan and no realistic analysis of alternatives. He stated he is worried about that added to our taxes. The St. Helena Library is in there for an additional \$1 million of which County Council approved but yet the money must come from somewhere. That is going to contribute to our tax increases. There is also this very worrisome of comingling of funds between the St. Helena Library and the Administration Building. He stated he sent an email to Mr. Hill with a simple table asking for him to fill it out to disaggregate those amounts. He stated he cannot separate them from the data he has. Also, if you look ahead to the St. Helena Island Library budget – the space level of service and the operations level of service are far higher than any other library in the County. He wonders about the fairness of that. Looking ahead to the CIP there is another \$38.5 million, over the next five years. How much of that is essential and how much can be postponed. We need to tackle this in the next couple of weeks. For instance, \$9.9 million is in the FY2011 CIP. He is pleading for us not to sweep these things under the rug and for us to try to deal with them and consider the taxpayers when doing so.

Why did another line appear under the St. Helena Library budget? There are two items in there now. It is almost \$1 million in the operations budget. Also, he would like to see a detail of the line General Fund Transfers. There is \$4 million in it that he would like to see broken out.

Mr. Baer's written comments and graphs were submitted following the meeting and are attached to these minutes.

Mr. Rodman stated he thinks the County Administrator, in the last two-three years, suggested we take this overall look at the tax piece which is helpful. We can break what we are talking about into two pieces. There is the operating piece which is being worked on. We on the Finance Committee should collect all questions and consolidate them into a list for staff to come back with the answers. The CIP piece, we obviously need to spend some time going over. We took the Beaufort Industrial Park issue of whether we should or should not purchase it should be considered along with the other CIPs. We should revisit those. He stated he is more convinced

the Council should consider taking some of the interest we have accumulated over time and use that money to perhaps delay, for a minimum of a year, any kind of cost increase so we can start to look towards no tax increase across the board from a County standpoint. We borrowed that money, earned interest on it, and we ought to be able to use that for debt service. The impact on the Rural and Critical and the CIP would basically say if direct a certain amount of that to debt service than there would obviously be some projects that we cannot do. In the case of the Rural and Critical Lands Program, it would give us some less number of dollars that we could spend. In the case of CIP we would have to look at the projects previously approved and prioritized and look at the projects we are willing to delay or forego for the sake of a tax increase.

Mr. Sommerville stated any discussion on millage has to start with a thank you on the operations side. He would like to have a definitive answer on whether or not we can use the interest on the rural and critical borrowings. Also, is there any way we can use hospitality monies? That will require some research. An additional borrowing is another option as a last resort. We are going to see "sticker shock" in FY2010 like we have never seen before. Staff has done an awesome job, now it up to Council.

Mr. Bryan Hill, Deputy County Administrator, stated he will request Broadcast Services provide copies of the last two meetings in order to compile a list of the questions asked so they can be clarified for Council.

Mr. Kubic, County Administrator, stated he would prefer instead of staff developing a list of questions they believe Council has made, it should be reversed. The Finance Committee, as a whole, through the Committee Chairman should let staff know the questions to be answered.

Mr. Caporale stated he agrees with Mr. Baer's question about the contribution line. He would like to see an answer to that as well.

Mr. Kubic stated the premise of this year's budget and the first and second out years is based primarily on the Retreat. Administrator took the outcomes of the Retreat and tried beginning to program them into the operations budget so that we can transition based on policy setting.

Mr. Newton stated he wanted to know how much in the current proposal for operations next year is hospitality tax. Mr. Hill replied \$1.1 million. Mr. Starkey stated he believes it to be \$1.2 million that was contributed this year, which along with the other expenditures have virtually broken even. There are also some monies going toward the operations of it as well. Mr. Newton stated Council should perhaps have a workshop to figure out whether the \$4 million worth of accumulated but unspent hospitality dollars could be utilized, in some fashion, to reduce the impact of debt millage.

Mr. Rodman stated both the Beaufort Regional Chamber and the Beaufort Black Chamber of Commerce agreed they could delay their requests to next fiscal year.

Status: This item will be going before Council for first reading, by title only, on May 10, 2010.

**Comments to Finance Committee May 10, 2010
Steven Baer - County Council District 2**

I have been studying the County's Budget for several months now as it has evolved. Mr. Kubic, Hill and Starkey and their staffs deserve congratulations for providing us with the most detailed and timely information that I have seen during my term in office. Based on that, and similarly good input from the School System, I have put together the following analysis of the impacts on taxpayers. This is based on data for my District, but the conclusions are applicable to others Districts as well.

Figure 1 on the next page shows a comparison of millage rates and fees between this year (Tax Year FY 9-10) and the budget we are now planning (Tax Year FY 10-11). This year's data has been taken from recent County newspaper advertisements and other documents as shown. It will be updated as we get better numbers. For example, the PSD Debt Millage reflects their 5/9/10 newspaper advertisement, but does not yet reflect the new ASR financing we just heard about a few minutes ago. I will include that in my next update of these charts. The County Debt and Rural and Critical Land Debt numbers assume no new actions, per David Starkey's trajectory "A" of 4/20/10. All his other trajectories are higher cost as will be shown later. You can see that most rates have gone up - some substantially. The County staff has done a good job in keeping our County Operations rate stable (so far) at 40.21 mills, but our Debt Millage is rising substantially.

Based on the 2009 data in Figure 1, the total taxes paid for an average home in my District in Tax Year FY 9-10, for both owner occupied and non-owner occupied cases are shown in Figure 2. Except for the fixed Storm Water Fee (SWU), this data scales linearly for different values of homes. As you can see, an owner would pay \$1,693.98 while a non-owner would pay \$4,800.99. The large difference is caused by the School Operating Cost exemption shown as well as the fact that non-owner assessments are 50% higher (6% vs. 4%).

Figure 3 shows the total taxes for the same home in FY 10-11 based on the millage and fee changes shown in Figure 1. You can see that an owner's total taxes have gone up 7.67% while a non-owner's have gone up 4.77%. The reason that a non-owner's costs have gone up by a lower percentage is that some of their increases in other taxes are diluted by the large school operating costs that they pay.

As mentioned previously, the County Debt and Rural and Critical Land Debt numbers shown in all the previous Figures assume no new actions, per David Starkey's (County CFO) trajectory "A". This was contained in data distributed by him on April 20, 2010, as homework for our County Council CIP workshop on April 22, 2010. But there were several potential plans (6 totals) shown by him reflecting combinations of possible: additional new CIP spending (\$38.5 million over 5 years), greater debt reserves, and a potential new Rural and Critical Land referendum. These all will increase our Debt Millage over time - raising taxes even more than the 7.67% just computed for this coming year with trajectory "A". Figure 4 shows these

"trajectories" of expected Debt millage plotted vs. time from Mr. Starkey's raw data. Plan "A", if we do nothing has a 4.14 mill increase due to the impact of having to start paying for past CIP and bond actions. This number is also reflected in Figure 1 (and is the sum of 6.43+3.46-3.62-2.13 mills).

Figure 5 summarizes comments based on all the previous data. The staff has done a very good job at holding operations costs at previous levels. They have also done a tremendous job in providing the data we need to make informed decisions for the future. But even with the minimum trajectory "A", taxes will rise 7.67% for owners and 4.77% for non-owners. This is the result of having to pay for previous CIP decisions that we, County Council, made over the past few years. When we made these, we all heard the needs and had warm thoughts about what we were buying. But we never really considered the costs of what we were buying, especially in future years, which have now arrived. This is like buying on a credit card without regard to future bills. Unfortunately, the bills have now started to arrive.

As I look over this data, I feel that County Council needs to step up to the plate and rapidly make some key policy decisions in order to bring the growing taxpayer burden under control. This is exactly what we asked the School System to do, and we should live by the same rules and scrutiny that we impose on them. The staff has provided us with the data to do that. The buck now stops with the eleven of us, and we need to make some needed decisions rapidly. For example:

- We need to seriously look at all \$38.5 Million in new CIP wishes over the next 5 years and determine what we really need, and what we could live without or postpone. Every cent of those \$38.5 Million is beyond trajectory "A" and hence is in addition to the 7.67% tax increase mentioned earlier. The FY 2011 CIP wish list alone is \$9.9 Million. We have to remember that these CIP wishes are usually financed by debt, whose payments will add to our already existing debt payments.

- According to the data we have \$2 Million in "Retain age" and \$14.2 Million in assigned but unused budget from past CIP plans. How much of the essential new CIP items could be paid for by 'repurposing' previous unspent CIP funds, thereby avoiding new debt?

- According to the latest airports data, they currently owe the General Fund about \$2.1 Million. Their budgets are also not balanced, so that this figure will grow. As I have mentioned at many previous Finance Committee and County Council meetings, the airports have the power to reduce and possibly eliminate these deficits with reasonable landing fees on private aircraft (they currently charge none, only charging on commercial and passenger planes) and other non-onerous measures. I have no problem with providing them a small subsidy - mainly for commercial operation, if they have shown good faith in keeping their budgets under control and are charging reasonable fees. But they have chosen not to do that and we, County Council, have let this go on for more than a year. The net result is that \$2.1 Million of our ability to finance other projects (roughly 10% of our total County cash reserve) such as these CIP projects, plus the financing of their ongoing operations shortfall is now committed to this default airport subsidy policy that we never voted on. (We also have not heard more information on the substantial - roughly 60% - of private aircraft property taxes that appear to be uncollected through 3/31/10.) I

cannot condone a County budget that raises taxes on ordinary citizens in order to finance these kinds of subsidies, mainly for private users.

- We have spent a lot of time talking about the possible County purchase of the Beaufort Commerce Park, and it appears that \$1.5 Million has been put into the \$38.5 Million CIP wish list (labeled Economic Development - FY 2011) to rescue it from default. But from the previous meetings it appears that this could require as much as \$2.5 Million. Thereafter we may get a request to put up a Spec. building at additional cost. We may also get requests for other ongoing operational needs. For months we have asked for a forward looking business plan outlining these potential costs and additional costs, the alternatives to this purchase - such as use of other properties, other types of subsidies, other zoning options, other plans, etc. We have also asked for data on how the taxpayer would get paid back. (From some of these previous meetings we recently heard that we may have to give the land away or sell it below cost.) We have received none of this - only a very sketchy, non-forward looking document. I cannot condone a County budget that raises taxes on ordinary citizens in order to finance an ill defined plan such as this.

- I was one of the first to step up and support (the original plan for) the St. Helena Library, and was one of the key votes to help Mr. McBride get the past \$5 Million CIP allocation restored for that. But the plan (what we have seen of it) now requires an additional \$1 Million of CIP funds. County Council voted to approve that, but that money has to come from somewhere. It will likely raise taxes. Furthermore, the funding for this Library now has been co - mingled with that for the Administration Complex Reskin to the point that it is impossible to separate and track details of each. For example, on the materials provided to County Council for the April 22, 2010 CIP workshop, there is a \$6 Million FY 2011 CIP item labeled St. Helena Library with a footnote referring to the Administration Complex Reskin and an April 12, 2010 CC vote, but no additional data to explain how this relates to the \$5 Million St. Helena funds already in previous CIP budgets. There is no clear written record that I can follow to disaggregate the funding plans and costs for these two very different projects. In order to remedy that, on May 6, 2010, I sent Mr. Hill and Mr. Rodman a very simple table that would separate the expected costs of the two projects, the funding sources, and expected interest rates. Completion of this table would provide the visibility and transparency that taxpayers deserve as we spend their tax money.

- In looking over the data for the St. Helena Library (SHL) it also appears that its Level of Service (LOS) in terms of size and operations costs per unit of population are much higher than our other branches. There is also a second SHL line item in the new operations budget, almost doubling in 2012. I believe that libraries are good investments, but it seems fair that all our major library service areas should have the same operations LOS and should be allocated equal operations costs per population. This does not seem to be happening, and requires explanation.

In summary, we need to seriously consider the impacts of this budget and CIP on taxpayers, who are already hard pressed. We now have the data to do that, and need to vote on key policy decisions such as those above. I am also starting to worry about the impacts of this on our proposed new Rural and Critical Land Purchase Referendum. It seems to me that when we consider the layering of all these costs (including these new CIP costs, new school costs, the past

road sales tax referendum, possible municipal tax increases, and other proposed taxes) the taxpayer shock may translate into rebellion against any new tax votes. Hence, we need to demonstrate our careful analysis, fair decisions, and restraint.

DRAFT

Figure 1 – Estimate of FY 10-11 Tax Rates and Changes vs. FY 9-10

Estimate of FY 10-11 Tax Rates and Changes				
	FY 9-10 Mills	FY 10-11 Mills	Increase %	Notes & FY 10-11 Source
County Operating	40.21	40.21	0.00%	No Change - Packet Adv. 5/9/10
County Debt	3.62	6.43	77.62%	Minimum Plan A - Starkey 4/20/10
Property Purchase (Rur/Crit Land)	2.13	3.46	62.44%	Minimum Plan A; W/O New Referendum - Packet Adv. 5/9/10
School Operating	90.26	92.07	2.01%	Packet Adv. 5/9/10 (Another 1.7 Mills in FY12/?)
School Debt	24.43	26.3	7.65%	P. White at Finance Comm. 4/27/10 (To 28 Mills in FY12)
Town of HH	18.54	18.54	0.00%	TBD - Value Assumed
HH PSD Operations & Maintenance	3	3	0.00%	Packet Adv. 5/9/10
HH PSD Debt Service	2.82	3	6.38%	Packet Adv. 5/9/10
Indigent Care	Incl. In County Operating			
Cont. Educ.	Incl. In County Operating			
SWU	\$83.23	\$108.00	29.76%	HH Proposed per Island Packet Article
Total				
5/9/10 Provisional View				
SWU figure shown is based on a single family unit with 2522 - 7265 square feet of impervious surfaces				

Figure 2 - Total Taxes For a Home in FY 9-10

	2009 Bill (FY09-10)	Owner Occup. \$	\$ Saved	Non Owner Occup. \$
Value	\$425,000			
Assesment Rate		4.0%		6%
Assessed Value		\$17,000		\$25,500
County Operating	40.21	\$683.57		\$1,025.36
County Debt	3.62	\$61.54		\$92.31
Property Purchase (Rur/Crit Land)	2.13	\$36.21		\$54.32
School Operating	90.26	\$0.00	\$1,534.42	\$2,301.63
School Debt	24.43	\$415.31		\$622.97
Town of HH	18.54	\$315.18		\$472.77
HH PSD Operations & Maintenance	3	\$51.00		\$76.50
HH PSD Debt Service	2.82	\$47.94		\$71.91
Indigent Care	Incl.			
Cont. Educ.	Incl.			
SWU		\$83.23		\$83.23
Total	185.01	\$1,693.98		\$4,800.99
Value of Homestead Exemption (65+) on first \$50,000		-\$189.50		\$0.00
10/13/09 View				
SWU figure shown is based on a single family unit with 2522 - 7265 square feet of impervious surfaces				

Figure 3 - Total Expected Taxes For a Home in FY 10-11

	2010 Bill (FY10-11)	Owner Occup. \$	\$ Saved	Non Owner Occup. \$
Value	\$425,000			
Assesment Rate		4.0%		6%
Assessed Value		\$17,000		\$25,500
County Operating	40.21	\$683.57		\$1,025.36
County Debt	6.43	\$109.31		\$163.97
Property Purchase (Rur/Crit Land)	3.46	\$58.82		\$88.23
School Operating	92.07	\$0.00	\$1,565.19	\$2,347.79
School Debt	26.3	\$447.10		\$670.65
Town of HH	18.54	\$315.18		\$472.77
HH PSD Operations & Maintenance	3	\$51.00		
HH PSD Debt Service	3	\$51.00		\$76.50
Indigent Care	Incl.			
Cont. Educ.	Incl.			
SWU		\$108.00		\$108.00
Total	193.01	\$1,823.98		\$5,029.76
Increase From 2009 Bill		7.67%		4.77%
Value of Homestead Exemption (65+) on first \$50,000		-\$201.88		\$0.00
5/9/10 View				
SWU figure shown is based on a single family unit with 2522 - 7265 square feet of impervious surfaces				

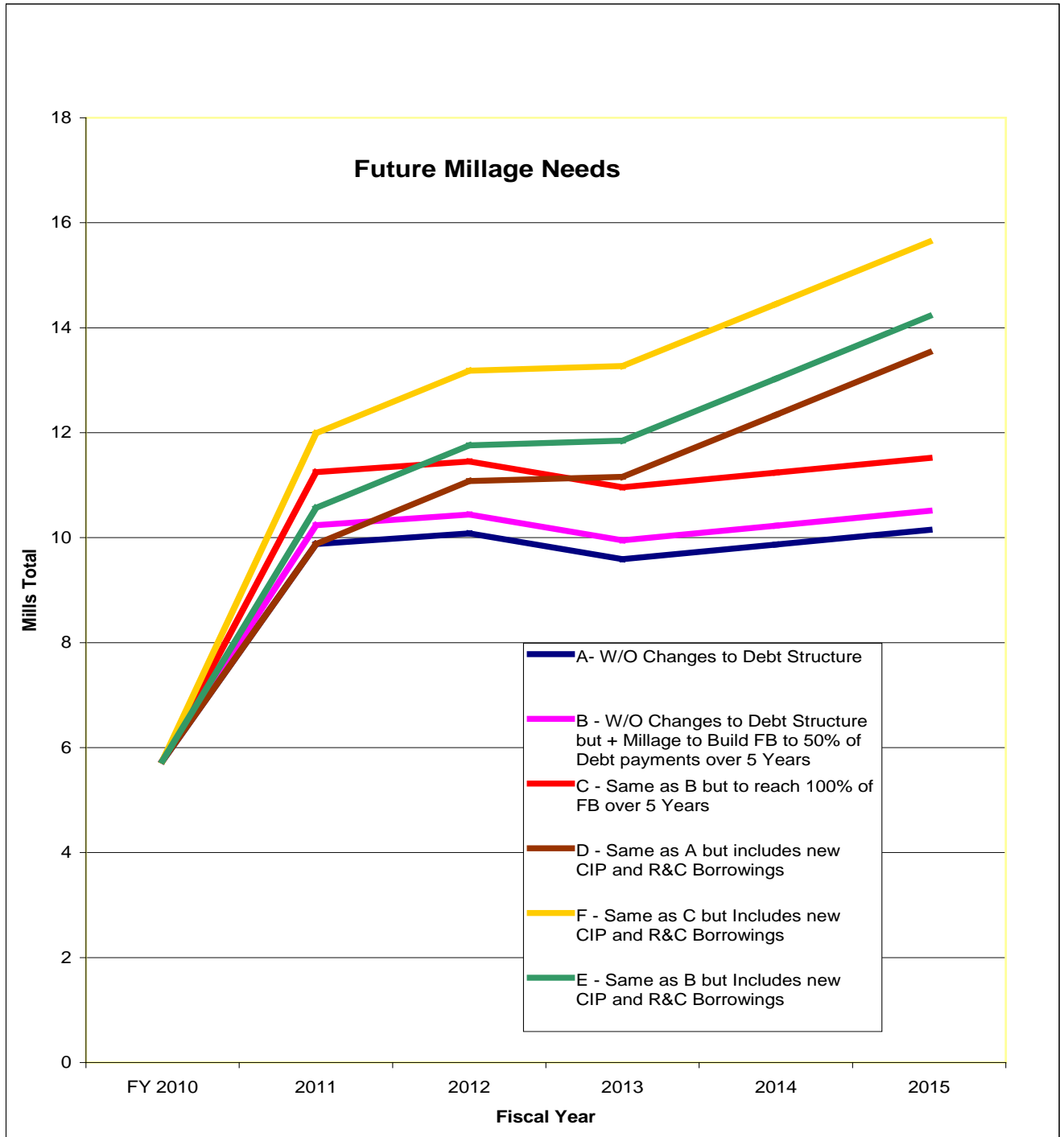


Figure 4 - Trajectories of County and Rural/Critical Debt Millage

(Plotted From Starkey Data of 4/20/10)

Figure 5 - Summary of Comments Based on Previous Figures

Budget Opportunities, Comments & Loose Ends

Staff Has Done Good Job on Operations Budget, But

- **Base Line Taxes (Plan A Minimum) will Rise by 7.67% (Owners), 4.77% (Non-Owners)**
 - Paying for Past CIP Decisions
 - Other Options Beyond Plan A Even Higher, Especially in Future Years

Many Loose Ends Need Review & Council Policy Decisions

- **Use of Past CIP \$2M Retainage & \$14.2M Assigned/Unused to Lower Tax Impacts?**
- **Airports Currently Owe General Fund About \$2.1 Million**
 - Unbalanced Airport Budgets Will Increase IOUs
 - Policy on Payback and Lack of Private Plane Landing Fees In Limbo for Over a Year
- **Beaufort Industrial Park in CIP for \$1.5 M,**
 - May Really Need up to \$2.5M; May Need Spec. Building; May Need Even More Funds; No Forward Looking Business Plan; No Realistic Analysis of Alternatives
- **St. Helena Library in CIP for Extra \$1 Million Over Original Plan**
 - Approved By CC, But Money Has to Come From Somewhere
 - Commingling of Funds with Administration Building Reskin Has Not Yet Been Dis-aggregated
 - Space and Operations Level of Service Far Larger Than Other Branches
- **How Much of the \$38.5 M CIP Over Next 5 Years is Essential or Could be Postponed?**
 - 2011 CIP Portion = \$9.9 M

We Need to Seriously Consider Taxpayer Burden

FINANCE COMMITTEE

May 17, 2010

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Finance Committee met on Monday, May 17, 2010 at 2:00 p.m., in the Conference Room in Building, Beaufort Industrial Village, Beaufort, South Carolina.

ATTENDANCE

Finance Committee members: Chairman Stu Rodman, Vice Chairman William McBride, Steven Baer, Brian Flewelling, Paul Sommerville, Jerry Stewart and Laura Von Harten attended. Non-committee members Rick Caporale, Gerald Dawson and Weston Newton were also present.

County Staff: Bryan Hill, Deputy County Administrator; Ed Hughes, Assessor; Gary Kubic, County Administrator; David Starkey, Chief Financial Officer.

Media: Joe Croley, Hilton Head Association of Realtors.

Board of Education: Chairman Fred Washington and members Jim Bequette and George Wilson.

School District: Phyllis White, Chief Operational Services Officer.

Public: Robert White.

Pledge of Allegiance: The Chairman led those present in the Pledge of Allegiance to the Flag.

ACTION ITEMS

1. Millage Values Discussion

Discussion: Committee Chairman Stu Rodman asked Mr. David Starkey, Chief Financial Officer, to give an overview of the millage values and how it was estimated with the Committee.

Mr. Starkey presented the Committee with a spreadsheet of the mill value estimate for FY2011, as of May 3, 2010. To start off the process, every year the County Auditor produces clean figures, which are assessed value of automobiles, personal property, real property and mobile homes. Those numbers are certified by the state, for the entire County. With those numbers, which are used concurrently in the CAFRs of every entity in the County for reporting purposes, we then take the growth estimates for the following year and add them to the clean figures. Those growth estimates come from building permits and items slated for next year. Then, added to the clean figures is growth estimates for real and mobile home properties; add them to the calculation to get what we believe to be the total assessed value. In conjunction with

that, he stated he has discussions with the County Auditor to figure out if there will be any changes to the personal property and automobiles within the County. There out, the numbers are adjusted for the TIF, and entities that participate in the TIFs. Essentially, you will have “grossed up numbers.” Then the base value of all the TIF districts are replaced by the assessed values for real and mobile homes in those areas.

The way the TIF works is each taxing entity gets the base value of that TIF, it does not get any of the growth. Once we figure out the assessed value for each taxing entity, net it down for the TIFs, figure out the growth factors and you get the total assessed value. That is where you see estimated tax year FY2010 assessed value. From there, the assessed value is multiplied by the millage to come up with what our estimated collections are based on 100% collections. After that, we then figure out what each value of the mill is. Those vary. The County participates with TIFs at 100%. The difference between the school debt and the county operations, purchased property and debt is based on the fact that the school district participates at 70% in the Hilton Head Island TIF and at 0% in the Bluffton/County TIF. The difference in the two school millages are based on the fact 4% property, under Act 388, does not get taxed school operations. That in conjunction with the Assessor’s Office, we get a break down of 4% and 6% property by district. Those percentages are included into the calculations to come up with the estimate mill value for school operations. Down the line, some areas will go down. Also, the Town of Bluffton has their own TIF in which they are the only participant. Last year that TIF was included within their millage calculation so their mill value last year was roughly \$76,000. This year they have given us some indication they might draw back on some of their participation level within their own TIF so in this year’s calculation their TIF has been taken out of the calculation. That is why you see a hefty shift there. People participate in TIFs at different areas.

Mrs. White wanted to know if it is fair to say the millage is a moving target. Mr. Starkey replied in the affirmative.

Mrs. White also asked he explain the specific cause of the \$30,000 increase between April 27 and May 4 estimated value of a mill. Mr. Starkey stated as additional information is received, the numbers will be updated. We are trying to accurately track what we are looking at. The Assessor’s Office is currently compiling growth estimates and ATI. As growth and ATI are put in the system the numbers will be updated.

Mrs. White wanted to know if there has been any thought to “putting a stake in the ground” and saying this is the agreed upon numbers we are going to use because it is a moving target and appears to be some doubt because things are not accurate. Is there any opportunity of the value of the mill going down?

Mr. Starkey stated as update information is received, these things will be updated. We do not set the millage until August. For budgetary purposes, if the District would like to use the value of the mill as of “x” date, that is the District’s prerogative in the budgeting process. We are just trying to track what we will be looking at. In this economy, every dime matters.

Mr. Ed Hughes, County Assessor, stated there is three parts to the doubt. First – the application by resident owners for 4% assessment ratio. By law they are permitted to make

application through January 15, 2011. That is post tax bills and post budget making. Second – the appeals the Assessor receives for the current tax year. Currently, we have approximately 650. Third – as a result of last year's reassessment, we received 14,567 appeals. Staff currently reviewed 11,023. We have modified/reduced the value of those 11,023 in 3,354 properties. We have reviewed approximately 32% of the appeals. Earlier today he provided Mr. Starkey with the estimate of the assessed value, taxable value and market value. Based on his calculations, the decrease in the County total assessed value is approximately 6/10 of 1% as a result of the appeal reduction currently. He expects the Assessor's Office to be complete with appeals by June 1, 2010. There are some appeals that go to a second and third level of reviews. Come tax bill time in October, except for the second and third level reviews, the goal will be to have all 2009 reassessment work completed. Approximately 6/10 of 1% represents, for assessed value, \$11.8 million.

Mr. Starkey added in the ATI piece of this there is a negative in Bluffton at this time. That is why you are seeing the Bluffton Fire District go down. The Town would have gone down if last year's had not included the TIF. They have given some indication, this fiscal year, they might change their participation levels. That is something to keep in mind.

Mr. Rodman wanted to know if there is a collection rate percentage inherent in these calculations. Mr. Starkey stated the collection rate is assumed at 100% for current value and then with growth values. He tapered down the values for some sort of appeal factor. All 6% will be tapered down by 10% and all 4% will be tapered down by 5%. The Auditor's clean numbers will not be tapered. We are getting to the point where we get what the value of the mill is on 100% collection. There out is up to the taxing entities. Also, for real properties if there is a bankruptcy, it does not go to tax sale. With bankruptcies on the rise, that will have some impact on these numbers for collectability.

Mr. Rodman spoke in regard to the CAFR property tax levies and collections for FY2009. There was discussion in the collection rate, so he took 1999 – 2007 and added them up. The collection was at 99.9%. The CAFR documents shows the percentage collected, including the subsequent years, staying right at 100%, then there is a sizable dip in 2007. Would it be logical that there would be collections taking place and coming in against 2007?

Mr. Starkey replied collections in subsequent years, especially with automobiles and personal property; someone may not pay the taxes for numerous years which would make them not match up year to year. You are basically lumping all of the delinquent taxes into a pile. That is how the County calculates all of these. You have current tax collections, which is considered anything collected in automobiles on a month-to-month basis and on real and personal it is considered from November to March 15. After that they are considered delinquent. It also includes penalties. That is a requirement for the CAFR, the collectability.

Mr. Rodman stated it seems something changed in current years. Mr. Starkey replied in regard to automobiles and personal property we do not repossess those, therefore, they may not be collected or delayed in being collected.

Mr. Bequette stated the School District has not had 100% or above since FY2005. Mr. Starkey stated the County is the same way.

Mr. Bequette wanted to know how much the County discounts the millage amount. Mrs. White reiterated – what is the budgeted number? What is the County using as their collection rate?

Mr. Starkey stated 97%. Last year, at the end of the tax sale, there was roughly 98% collected through October. There are two distinctions to be made between the tax and the fiscal year. This year's tax sale was more than the prior year's tax sale. We are progressively getting worse on collectability based on the economy.

Mr. Bequette stated he would like to compute the County's tax yield. He had a written request for all the data given to the County Council, which has no detail on the buildup of revenue. Mr. Hill replied the document is up for title only. When we set the ordinance the detail will be provided.

Mr. Rodman stated the Clerk to Council provided a link for those to look at the detail. Mr. Bequette stated it did not include any detail. Mr. Baer stated the link did not work.

Mr. Rodman stated it behooves us to make sure we have our best calculations when we tidy things up in June. There is nothing wrong with "putting a stake in the ground" and saying we are using a particular number. Also the County makes the base calculation on the 100% collections and the entities can apply some judgment on the percentage they want to back off for collections. The County is using a 3% discount for our calculations.

Mr. Wilson stated in looking at the increase on school operations, \$54,678, and believes it to be great news if it is accurate. It is a \$5 million variance from the previous year. He, however, sees the only place that has anything near that amount is the Town of Bluffton who say they used monies the previous year. We are going up 4.23%. He would like to see some details as to how that number came about.

Mr. Starkey spoke in regard to the Town of Bluffton and stated last year's calculation, including the Bluffton Town TIF, was included in their calculation. It is roughly half of their assessed value. They have given some indication that this year coming they might change their level of participation in their own TIF. Right now they are at 100%. As such, he took their TIF out of this year's calculation. Basically, they figure out what their percentage will be.

Mr. Wilson believes the District's increase to be extraordinary compared to anything else seen in regard to growth, etc. It went up 4.2%. If it is correct, it is great news. If it is not correct, the District will destroy all of their bond ratings, etc. He would like to see additional details.

Mr. Starkey stated he submitted additional details to the District's Finance staff. Every time the calculation is computed, he provides it to the entities.

Mrs. White stated there has to be something unusual to have that level of increase. The District is seeing the trend go the other way. Mr. Starkey stated the fact there is no growth is based on the clean figures. He would be glad to review the district's and show the big movers that lead to the figures.

Mr. Bequette reviewed two spreadsheets to the Committee. One of which showed the last four years of collections. Tax year 2006, the District was more than \$1 million short, FY2007 \$1.2 million, FY2008 there was a shift in what was budgeted but more than \$1 million short and FY2009 \$1.3 million short. We need to use a better discount factor when working this budget. We have hurt ourselves by being too modest and not conservative enough. There are contingencies and things are not going to happen the way you dream them to happen. We cannot continue to budget revenue at the level they had previous years. That demonstrates that it is not happening.

Mr. Rodman asked if the figures take in to account the collections in subsequent years. Mrs. White replied in the negative. It would take in September through August collections. It is not in accordance with the tax year, it is fiscal year.

Mr. Bequette stated it shows there must be more conservative figures than in the past. We have always used a higher yield than the County has.

Mr. McBride stated generally the County collected more taxes than projected each year. Mr. Starkey stated last fiscal year the County was \$4 million below what was projected based on the economy tanking. With that, we cut our expenditures enough to come out ahead. We are not getting our revenues but are cutting our expenditures plus other revenues have made up for it for us to come out ahead.

Mr. Bequette spoke in regard to fund balance. The District's bond consultant expects our fund balance, for the AA rating, to be a 10% minimum with a projection of 15% target to keep debt service low. The District just refinanced many bonds and saved money. When the District gave Council its projected revenue and expenditures, the fund balance with a 2% increase and 2.5% for the next two years, would give a fund balance, at the end of FY2011, would be \$14.1 million. In FY2012 with the 2.5% increase it would drop to \$11.8 million and \$7.8 million for FY2013. FY2014 fund balance would be 5%. He spoke about Hershel County School District's whose bond rating was just lowered from A to A- because their fund balance went down to nothing. In the long run, the taxpayers are going to be protected if there is a decent fund balance. The fund balance is not just there to have money there. If a hurricane were to go through here, a 15% fund balance would not even touch the damage.

Mr. Flewelling wanted to know if the District considered cutting expenditures. Mr. Bequette stated when Dr. Truesdale was hired, after about 30 days, she put a hiring freeze in and started letting people go who were not performing. She started moving people out of the central office. When Mrs. Edna Cruz was superintendant, ten people were added to the central office. She asked for 20, but got 10. Dr. Truesdale started putting employees to work and if they were good they were sent out to help in the schools for mentoring. In her first year here, she did not

put the budget together, the interim superintendant did, who did not listen very well, but she generated a surplus of \$8 million. As the District worked on their debt service they were told to keep the \$8 million in the fund balance, especially if the referendum was passed and new schools opened. The next year, the District began getting state cuts. Again, Dr. Truesdale began cutting people off of the payroll and got approximately an additional \$6 million. The District was told by their bond counselor to get their fund balance up to 15% before issuing the bonds for the referendum. Now, if we do not take advantage of the allowable increases for inflation and growth, we are going to burn up all of our fund balance.

Mr. Flewelling commented that is only unless the District was to cut some of their expenditures. Mr. Bequette stated the Sheriff's Office wants a 25% increase on the people in place. That has to be negotiated. Why would he need a 25% increase? His position is to bring in the District's own guard force and eliminate the Sheriff's deputies in the next year or two.

Mr. Bequette stated if we ignore an opportunity for a slight mill increase, that is less than two, the District fund balance will be in danger in the future. So much has been cut already. There might be some more that can be cut. Dr. Truesdale is managing that very effectively. We put in the programs for K-4. Representative Erickson does not like that one bit. When the District lobbied her, she lost three students. She is opposed to the four-year old program. We are heading for big trouble if you look at the projections of not taking advantage of our mill increase. He sent Council the research he did on millage. The District's millage is the lowest in the State. Richmond County's school district's millage for operations is 2.5 times that of Beaufort County School District. Their debt service millage is more than twice Beaufort County School Districts. We have a good tax base. People have a bargain being in Beaufort County because of our good tax base. Opening all of these new schools was not the fault of the School District. Two early learning centers and two schools were opened last year. The Charter School we pay for. Three new schools will be opened this year. It was done last year without a tax increase. The District is absorbing all of the additional people with a very minor tax increase over the last two years.

Mr. Newton wanted to know if any of the District's information includes any amount for the potential of the budget proviso passed in the Senate. Mrs. White replied no.

Mr. Newton stated it passed and will be funded, but we must wait to determine the amount of funding. Mr. Stewart stated it has to be resolved between the House and Senate.

Mr. Wilson stated if you give up a tax increase, you never get it back. If we get a onetime shot, he personally does not want to change operations but would rather do something to debt service to bring it gradually up. We have to go up if we take a look at what our consultant is saying. A one shot deal of reducing our revenue for one year would cause the District to go bankrupt. It is because of the "Mickey Mouse legislation" passed. He stated when he reviews budgets; one question is what was given up that you would like to have back. He stated all he hears is how can the budget be reduced further. That is not a balanced approach at looking at a budget. The District and what they have done in cost reduction and in a way not to hurt the quality of education, has done an excellent job. That is why we are starting to see our cost per student go down. He stated there are a couple of concerns for the future. We are using stimulus

funds right now on our severe, at risk, schools. We saw the projection about the minority students not being up and OCR is looking over the District's shoulders. We are using the student stimulus funds for a two year period because we want to try to bring those schools up. We have some accelerated programs to bring them up. When Dr. Truesdale came everyone thought there would be a big turnaround in three years. He stated that is crazy and that it is a four year process. It has nothing to do with one race being any smarter than the other race; it has to do with poverty and those kids in poverty. That is the reason we have

He stated one of the District's former principals came from Appalachian State and used to say kids who are struggling were Caucasian. Beaufort County has more African Americans because they are poor. If the District does not have those funds and the County cuts our budget so far that we cannot make funds for those kids, there will be major ramifications outside of this County that we cannot control. He asked those to think about that when making their budget. He stated he's seen the state funding go down. The first year under Act 388, the District lost \$2.5 million. The School Board is doing the right thing. There are a lot of good things that has been happening in the School District. Do not penalize the kids.

Mr. Fred Washington stated the District tried to reach more students in the early childhood arena by partnering with Head Start. We do not supervise Head Start but have found by establishing a good relationship we could reach more students. We have, in many cases, moved a lot of children and put many in half day Pre-K. We do not subsidize Head Start. That is a separate funding program. By working together, we can reach the problem, and the source of the problem with which we are dealing. If we do not get to the preparation of students coming to the system, we will spend more money on remediation. Our problem is not just OCR and the racial composition of the school. It is also the fact that a couple of our schools are either Palmetto Priority Schools or are on the verge. That means there are school that need to have extra attention to get them academically where they should be. If we do not do something about it, the state will step in and intervene. We are not going to let that happen. We will do it ourselves and not do what Allendale County did. The realities are we have to continue to show improvements. He stated he does not fear OCR as much as he fears the progress we are making in the academic arena with these children. We need to make sure that we do not regress. We cannot afford to regress. We started behind. We cannot afford to get further behind.

Mr. Newton wanted to know if schools are generally going up, countywide. Are we making improvement? Over what time period and how measurable is that improvement? Mr. Washington stated the District is waiting on their results of test results. Mrs. White stated they will be presenting the MAP data to the Board at its next meeting. That can then be presented to the County. Mr. Washington stated yes we are making progress. Progress is not just test scores; it has to be behavior issues and the basic success of students getting prepared for the world.

Mr. Newton wanted to know if the District's graduation rate is going up, flat or down for the last three years. Mrs. White stated most improvement is in elementary. Mr. Washington stated they do not have that data at that moment.

Mr. Bequette stated Bluffton High School's graduation rate is a problem because of the "Mexicans."

Mr. Flewelling asked if when looking at the student county, is there a calculation for half-day students as one student each or is two half day students calculated as one student. Since we have an increase and a change in policy from full-day to half-day early childhood education you are running two programs and can fit twice the number of students in the same program.

Mrs. White stated they treat each child individually. Mr. Flewelling would like to see the number of seats filled with half-day children. The number of students is actually going down. By counting half-day students as full-day students is overvaluing the student count.

Mr. Rodman stated there was a good discussion on the mill piece. As we go forward, if there is disagreement it can be elevated. Also, there was a discussion about whether the prior year mill calculation involved a difference of opinion between the County and District. They are agreeable to go back and try to reconcile that difference. If in fact there was a difference or misunderstanding, it is self adjusting when you get to the current year of setting the millage for debt service. It can be adjusted in the next go around. The last issue is the issues we have involving full time equivalent calculation, break out of non-general fund revenues and expenditures, the understanding of debt service and Daufuskie Island transportation of students.

Status: This item was for informational purposes only.

2. County Budget

Discussion: Mr. Rodman introduced Mr. Baer who had budget issues to present to the Committee and staff. He submitted the following budget questions on May 13, 2010:

1 - Please show the 2011 breakdown of line 99100 - General Fund Transfers

2 - Please explain why we have two lines: 64075 and 64076, and the reason line 64075 grow so rapidly over time. Are there going to be two St. Helena Libraries?

3 - The operations costs for the Hilton Head Library branch are going down substantially in 2011 vs. the other branches. Please explain. Are the service hours or staff being reduced?

4 - Please compare the LOS in terms of operations dollars per pop allocated in each service area: St. Helena, Beaufort, Bluffton and Hilton Head Libraries starting in 2012.

A	B	C	D	E
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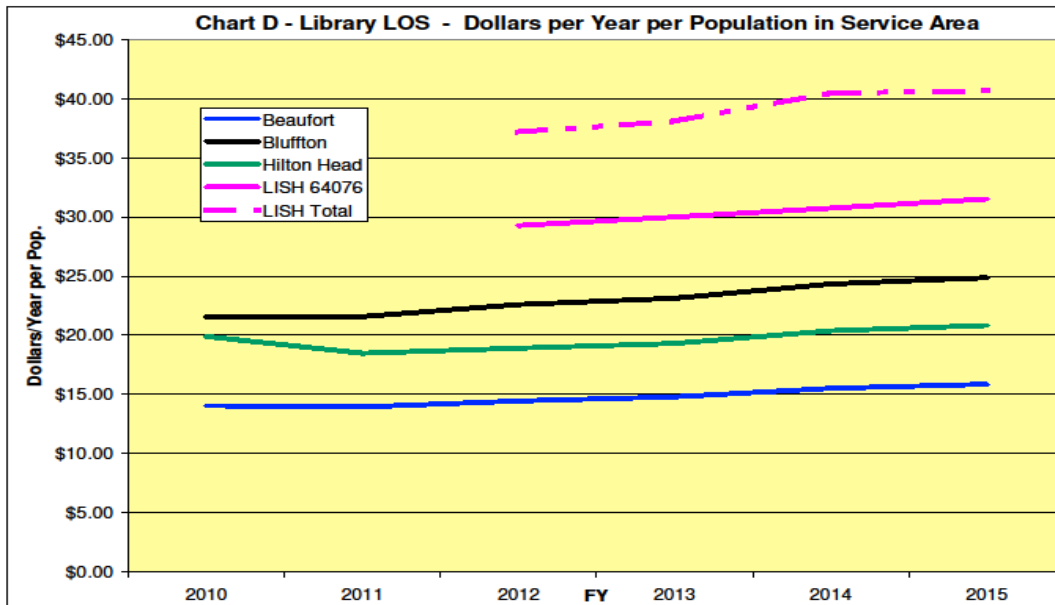
	Current Taxpayer Funding & Source	Expected Interest Rate on Amounts in Col. B	Other Expected Funding & Sources	Total Expected Cost (should equal sum of items in columns B and D)
St. Helena Library	\$6M USDA 40 Year Loan (approved?) Other?	=?	Grants=? Impact Fees=? Other=?	=?
Admin. Complex Reskin	\$5M CIP FY11 Other?	=?	Claim Settlement =? \$1.747M CIP FY13	=?

5 - I am having a great deal of trouble understanding the separation of costs and funding for the two projects: St. Helena Library and Admin. Complex Reskin. On May 6, 2010 I sent Bryan Hill a copy of the simple table below to help me with that understanding. I have filled in the table as best I could from other documents and comments. You will see the key question marks. Please fill in the table, and correct anything I have done incorrectly, or missed.

6 - What are realistic methods of 'repurposing' past CIP 'retain age' and unused amounts? Are there other such funding pockets we can harvest to keep taxes down?

7 - Slide 12 of Bryan Hill's presentation to County Council on May 10, 2010 shows \$423,562 going to Economic Development. Where is this money going and where does it appear on the detailed budget tables?

He also presented the following graph:



In order to save time, he stated he tried to answer question 4 of the May 13, 2010 question list myself. He presented Chart D, which shows his attempt to do this by using operations cost data from the May 10, 2010 budget spreadsheet, and 2005 population data from the August 2006 Library Impact Fee Study. It should be noted the Impact Fee Study assigns the Lady's Island service area to St. Helena resulting in a combined population of 25,600. This assumes there will be no separate Lady's Island Library branch, gives the maximum population to the St. Helena branch, and lowers its apparent level of service (LOS). There continues to be skepticism about that assumption - people said the Lady's Island population will go to the Beaufort branch.

Chart D shows large disparities in levels of service, measured as operations dollars per population, among all our branches. The LISH (Lady's Island St. Helena) 64076 curve is the new St. Helena branch (budget line 64076). The LISH Total line adds in the second St. Helena Library budget line (64075). These two budget lines are referred to in question 2.

He stated he has shown chart D to several people over the weekend who all seem to be astounded by it. We need to understand what is going on here. LOS per population should be constant among all of our libraries.

Mr. Gary Kubic stated we are developing that information. The St. Helena Library has a hurricane dimension in it, hurricane recovery and is much more than a library. Obviously, those

costs that you look at without strapulating the mitigation for hurricane generators, etc. are going to be higher.

He stated he is assuming out of 6 points on the general fund budget, 5 are related to libraries. He assumes some of the other parts of the budget we will get to as well. It is confusing as an Administrator when asked to totally evaluate a project in all aspect. When we build a new facility in an area that does not have a hurricane evacuation center, as a barrier island, we incorporate the opportunity costs for these projections. There are opportunity costs as a cultural resource center for the Gullah Geechee Corridor, Preservation of the Culture, and for the future partnership with Mitchellville. Those costs are being developed through an elaborate, lengthy community input process.

We went to DRT to go with a global presentation. In anticipation of discussing the sizing of the library, we said we would plan for the worst case large scenario recognizing Council will have the opportunity to scale it down and create what they determine they want. He stated he will not give estimates that he has people working on and trying to figure out the best thing to do. He appreciates the fact that the correlation between the borrowings and the impact on the CIP and millage rates on the CIP is something we can hone in on and talk about. The future of the Library and its component parts, he would like to give but is coming in a few weeks. Council will then have the opportunity to say what they do and do not want. It is not fair to administration. He stated he tried to have the most elaborate communication between the community, Council and all members on this library project. He is not there, but wants to get Council that information. It is not ready. We are working on it. We just got the architect involved.

Mr. Baer stated he was not trying to critique the two projects but to understand it. We are about to raise taxes 8% on people. Mr. Kubic stated that is not true. He stated he has been asked by Council to look at the operational budget and the debt budget and came here today prepared to discuss opportunities within the CIP to reduce debt millage. The determination as to how many mills are going to be the final number, if any, has not been determined.

Mr. Baer stated as of last Monday, the numbers were about 8%. He reference questions 6. One question asked on Monday, that has not been re-asked here, is that we have a large amount of CIPs which we need to decide if we really need or can postpone. He thinks we are analyzing the budget. We are asking the School District to go through enormous detail. He believes we owe it to the taxpayers to understand the County budget to that extent. He stated he does not understand the County's as well as the District's.

Mr. Baer stated these 7 questions are in addition to the questions he asked at the Finance Committee on May 10, 2010. Many of us get elected on taking a detailed view of the budget and looking at numbers to make fair decisions and wise decisions using detailed data. We are at that point now. We have less than 30 days for the third reading of the budget. He stated he does not feel he understands the budget. That is why he voted against it on first reading.

Mr. Rodman stated there are two pieces – operating budget and CIP. He asked administration is this is something they want to talk briefly about.

Mr. Kubic stated on the operating side, when talking about level of service, salaries are the highest level of service. Right now, until we go through this process of discussing the appropriation level, he stated he has a hold on all vacancies. The idea is once we get to some type of resolution on June 14, 2010, then possibly rehires/transfers/changing of hours are all possibilities. The CIP is what we are really focused on.

Mr. Baer mentioned economic development. Mr. Hill stated when we look at economic development we do not just look at the network but also LCOG and their funding which is a part of that. We have two allocations going to LCOG. He stated he assumes that be considered economic development. Mr. Baer asked for a breakout of that.

Mr. Rodman stated he would not consider LCOG economic development. Mr. Hill stated he could put it anywhere Council desires.

Mr. Rodman asked it be put on a line item called LCOG.

Mr. Rodman stated it seems there are two questions on the table. 1 – Does anyone want to revisit the \$270,000 we are paying to the Network? 2 – There is an issue of whether we want to buy the Commerce Park. His take on that is that it is a broader issue if in fact we buy it. Also if we buy into their argument you have to sell the land at a much lower price, then we will begin looking at buying it at \$2.5 million and getting \$0.5 to \$1 million back. It is a CIP issue. As a Committee we agreed we would put it on the table as well as everything else.

Mr. Newton mentioned the possibility of redirecting towards a component of debt service if it is determined to be appropriate as we move forward with the acquisition. That does not mean we reduce the \$270,000, but maybe a redirection of the monies. It probably is a worthy expiration at some point in time to have a conversation about economic development to determine whether we are committed to the direction we are moving or whether we think there may be a better way of doing it. It is not just having one dollar and whether we are spending that dollar in the best way possible. If we are truly committed to creating jobs we need to understand in 5 years we need to be putting \$1.5 to \$3 to economic development. He stated he believes everyone he knows is committed to job creation. We need to be willing to have a conversation and look at what it is we are doing and make a determination of whether or not this is the best pathway forward. Does that pathway need to be expanded with additional dollars? Is there a different avenue to get us where we want to be in terms of economic development? There are a number of folks who are frustrated and would like to see more. There are a lot of reasons why we have not seen more job creations. Clearly one of which is for many years we looked at by Columbia and elsewhere as a place not open for business. The folks involved should be commended for the task of moving that mindset in a different direction. Our review may confirm we are doing the right thing and headed in the right direction, but we ought to be funding it to a greater degree. Our review might indicate there is a different direction or something we have not thought about. He stated he is not sure that is part of this budget year but it is something we ought to be willing to do and commit to do.

Mr. Rodman thought it should be looked at sooner rather than later, given it impacts both budgets.

Mr. Stewart stated he spoke with the Secretary of Commerce three weeks ago and his feeling is "why in the world does Beaufort County want economic development? You have got the best in the world. You have retired people and tourism and are the richest County in the State. You do not need our help and do not need economic development. Just keep doing what you are doing to increase your tourism." It was impossible to discuss with him or explain to him we have the best tax base in the state. We are not comparing ourselves to the rest of the state. We want to compare ourselves to the rest of the nation. We do need jobs. It is very frustrating.

Also, the reason that the private-public partnership was set up was to obtain resources above and beyond what the County was going to put into this system. When municipalities and other government entities put money in, that should be counted as government. We are not supporting the Blufftons, Ridelands, Beauforts, Port Royals, Jaspers and other groups involved. Maybe we are with the hospital and the two colleges. The point is there is a significant amount of resources coming into this organization to support economic development, well above what the County puts in. The way to get more money into it, the way to increase and grow this program was to do it without the County putting in additional monies to support it. Why are we behind? It is because we never took advantage of all the opportunities the state gave us. We did not take advantage of the multi-county industrial park and the fee in lieu of. That is one of the reasons the School District is not getting any money in the EFA. We never took advantage of that. We did not take advantage of having an alliance. Every year there was \$1.5 million or \$150,000 that could have come to Beaufort, but we turned away because we never had that alliance. Everyone else in the state got our share of the money because everywhere else in the state had the alliance. We now have the alliance set up and we are starting to get those monies that will help us from the state. When we say there is not enough money going into it, the way we are going to get that money is not through Beaufort County but through the other groups and organizations. It is not the time for us to start reducing what we put into it.

Are we on the right track? In the last 3.5 years, since he got involved with economic development, we had more meetings and more reports than ever. People on this Council should understand what is going on with economic development better than ever in the history of this County. There is a business plan, we have all had it. He does not believe Council read it because the same questions are constantly asked. It spells out the types of businesses we are going after and the kinds of incentives we can give to those businesses. It is not perfect and is not what he would like to see as a total business plan, but it is there. He stated he does not mind having that discussion. There has been a considerable amount of information conveyed to the Committee and it has been bedded there; it has been discussed there, and we are more than happy to continue the discussion. Do not assume we have not been having these discussions or the Network has been working blindly without having discussed and brought information back to this Council.

Mr. Rodman stated the new thing on the table is whether or not we need to buy the Park. The Chairman's point is well taken. If we are going to spend \$2.5 million, it is certainly a good

time to make any adjustments. We ought to look at that, but do it as part of valuating the \$2.5 million and therefore not have a separate meeting.

Mr. Newton stated it is not a condemnation of anything of the effort going on today. As one of the guys who promoted the public-private partnership, this is not about how much money could be from a private sector and whether it really is from a private sector or governmental units that are not the point. He stated his point was truly to understand how deeply the private sector was invested in our economic development opportunity. It is fairly thin. The real reason we privatized economic development is because we failed as a County government when we had the function in-house. He stated all he suggests is we have been at this experiment for 10 years and perhaps we commit another 10 years or perhaps there is a change in warranty in some form or fashion. Ultimately our goal, regardless of where the money comes from, is job creation and opportunity for the folks who live in Beaufort County. If it is not working as well as we want it to, what do we need to do to make it work better? Is it money? Is it direction? It is not about the number of meetings that are had or the amount of information we have, all of which is a tremendous improvement of where we have been in the past. At the end of the day, the accountability is – have we created jobs and have we helped in some fashion create jobs and promote capital investment in the County. He truly believes that is what we want. We do want to create higher and better paying jobs. Self reflection and self analysis is not intended to be a bad thing or a front. Are we doing it right? We should perhaps give this to the County Administrator and see how we go about doing it. Let's look out five years. We need to shoot for the stars.

Mr. Baer stated the topic of whether we on the right track is the right question to ask. At some point or another we may want to bring in an outside consultant. He does not believe the present people, Council included, can self analyze. One thing to bring up is measures. What measures whether we are successful or not? Are we going after the right markets? We need to think outside of the box. There are a lot of empty properties and empty buildings around here. They may not be zoned light-industrial, but maybe we should rezone in an area where a building is already up there. It would be a lot cheaper. He stated he read the business plan and paid special attention to the conflict of interest section of the Network business plan. He stated his worries regarding conflicts of interest there. On one of the projects that came forward he put a table together of which the developers were and one of them was a director in the Network. The Network was recommending Council do things that would benefit one of the major property owners in that area. He worried about conflict of interest. We need an outside consultant to answer the question: "Are we on the right track in regard to economic development?"

Mr. Hill stated Mr. Baer gave him six questions of which he will forward the responses to the questions to Council. With regards to the St. Helena Island Library, this Council asked for a five-year budget. The two lines are shown on FY2012 because we do not know if Council will go forward with the plan or not. Staff added a placeholder in there going forward to show it so we have true and open transparency. Note the FY2011 budget has a zero percent mill increase, with zero percent growth, which means a zero percent increase to the tax payer for the operational side of the budget.

Mr. Rodman asked that all additional questions be forwarded to him. He stated we still need to look at fund balances for the fire districts, airport issues in offsetting Council tentatively taking some of their funding, the understanding of state shortfall on agencies that are partially funded and whether or not we should be having a reduction in the business license fee as part of increasing their competitiveness.

Mr. Starkey presented the Committee with CIP Detail spreadsheet. We met last week and went through each remaining project within CIP to see where we are for each of these projects and therefore find out if we could use some of the money towards debt service. 40 projects were identified that are either active, inactive but the plans are out there or fully inactive. In this there are four projects for Hilton Head Island that we borrowed monies for but are waiting to see what we are doing with those. Outside of that, in going through with the Engineering Division, projects were identified as complete but had monies available still or that were underway and on budget therefore the retainage piece of it would not be needed or foreseen at this point in time. Mr. Rodman talked to our financial advisor, Mr. Brian Nurick, about the ability of moving monies from CIP back to debt service. In the past it was an accounting practice to take the interest earned on these bond borrowings and the premiums within the CIP funds and not debt service. There out we are able to move those monies, i.e. the monies are earned in interest and the monies earned from premiums, back into debt service. At this point in time we have identified almost \$1.3 million we slated in either retainage or projects that were already complete or on budget and will not need as much. We could then potentially think about moving those monies, based on Council's wishes, from CIP into debt service. As stated in the CIP meeting, we are looking at an approximate \$5 million increase in debt service payments from last year to this year. This additional \$1.3 million could go to offset some of that difference in there for this year. This will not be a recurring instance. There out is another project as well, the southern County office space we borrowed money for in FY2005. Currently, a building is up for bid and in that, the County is currently paying more in rent, and over the course of a few years we could virtually pay for the building. That being said, he stated he did not use the retainage for the FY2005 bonds but the FY2006, FY2009 and the FY2009 band which we refinanced. We could gleam \$1.3 million off that to go to debt service. Once we figure out the exact figures and exactly what we are going to be capable of with the southern County office space, we may have additional retainage which could also go there. If this is what Council wanted to do, it would have to go to a vote of Council to move the \$1.3 million over and offset the potential millage increase for this coming fiscal year only.

Mr. Rodman wanted to know the risk involved with doing this. Mr. Starkey stated what we did in the past is put all interest earnings back into the bonds as premiums. That being said, whenever a project went over or an additional project was identified, those monies were used for those items. Can we take some of these monies and bring them back into debt service to offset this next year? We are capable of doing so.

Mr. Flewelling wanted to know if we lose any proogative of increase millage rate not available to us because of caps later on if we take advantage of this. Mr. Starkey stated there is not a cap on debt.

It was moved by Mr. Flewelling, seconded by Mr. Newton, that Committee approves and recommends Council approves using CIP dollars in the amount of \$1,285,059 towards reducing the debt millage for FY2011.

Mr. Rodman wanted to know if there are any projects in here not started. Mr. Starkey replied in the affirmative – the Lady’s Island Community Park is inactive but the planning is complete. Phase I will cost \$430,000, in which we currently only have \$150,000 in that bond left, but there is retainage in other parts to potentially go to that. There are a few just going out for bid – 4 or 5. Once we get a bid, we will have a better handle on the cost. There are several started, and several plans are done but waiting to start.

Ms. Von Harten stated this money is money we could be using to buy the Commerce Park. Mr. Starkey stated it could be. There is no particular line item for that in our CIP, nor has there ever been one. This is saying that with the will of Council we can gleam off what was taken in premium and interest and apply it toward the \$5 million increased debt service that we will have to pay. It will pay 20 to 25% of it.

Ms. Von Harten believes this economic development project is the most important thing for this County’s future.

Mr. Newton stated this is presented as an effort to modulate what today is presented as a tax increase.

Mr. Newton also stated if this is implemented it takes the debt millage increase, it takes the debt millage increase to how much. Mr. Starkey stated essentially we are going up by an approximate \$5 million. If we take out \$1,285,000 from that, it is taking the increase down by approximately 20 to 25% in general obligation debt.

Mr. Baer stated the County debt plus the Rural and Critical Lands is going to go up by 4.14 mills in the proposed budget. By his calculation, this will reduce that in the County debt side by .7 mills. Mr. Starkey stated it does not affect Rural and Critical Lands because these projects are sheerly general obligation debt.

Mr. Rodman stated as he remember the Town asked us to shift money to Coligny Park. Is that something we still want to do or that another issue? Mr. Newton stated it is still something that needs to be done. The County Administrator is in discussions on the matter.

Mr. Rodman spoke about the FY2005 bond retainage, \$1 million for the south County office space and wanted to know if there is a lease verses owned opportunity there. Mr. Starkey stated we pay approximately \$40,000 a month on our southern County office space. If we took two years worth of those payments, we are almost paying for the building itself. We have \$727,000 set aside for the southern County office space. If we use whatever retainage to make up the difference, we could look at reducing our opts and move more of that down.

Mr. Rodman spoke in regard to the Arthur Horne Building CIP. He stated he was of the opinion we were better off demolishing the building and potentially renting space from the City of Beaufort. Mr. Starkey stated that amount reduced to \$100,000. In talking to the Engineering Department, they said there are two HVACs in the entire Country that will fit that building. That system can go out at any day. We borrowed the money awhile ago.

Mr. Rodman stated if we rented space from the City of Beaufort, would that go away. Mr. Starkey replied yes. At this point in time, if it were to go out, we would need to do something now.

Mr. Newton stated it makes sense to rent the space that is there by the City of Beaufort, which taxpayers are paying for twice. We could then save money for the County and the City.

Mr. Rodman wanted to know how soon we could go there if we reached a deal with them. Mr. Newton stated they would probably like to have us in there as soon as possible.

Mr. Hill stated he will begin discussion with Mr. Scott Dadson, City Manager, in regard to this matter. It will then be brought back before Council.

Mr. Stewart stated we do have the ability to raise our operations millage by .7 mills. If we do not raise that, then we lose that forever going forward. We can take monies we get from operations and put into the reserve fund and transfer over to the paid debt. Does it make sense to raise the operations budget by the .7 mills, reducing the CIP budget by .7 mills and thereby at least having that additional millage under our belt for the future?

Mr. Rodman stated his understanding is we would consider that as we came down to the final millage. Clearly that is an option.

Mr. Stewart stated one thing the southern part of the County is not land, set aside for an office building for a government complex, which neither we nor Bluffton is considering right now. If we do acquire a building or stay in the current building we need to be looking at what we are going to do with that land that is sitting there. It is not producing anything for us.

The vote was: FOR- Mr. Baer, Mr. Flewelling, Mr. Rodman, and Mr. Stewart. OPPOSED - Ms. Von Harten. ABSENT – Mr. Sommerville. DID NOT VOTE – Mr. McBride. The motion passed.

Recommendation: Council approves using CIP dollars in the amount of \$1,285,059 towards reducing debt millage for FY2011.

3. Off Agenda - USCB

Discussion: Mr. Martin Goodman updated the Committee on the USCB Small Business Development Center's 2010 performance highlights verse the 2009 performance highlights.

Status: This item was for informational purposes only

DRAFT

NATURAL RESOURCES COMMITTEE

May 14, 2010

The electronic and print media were duly notified in accordance with the State Freedom of Information Act.

The Natural Resources Committee met on Friday, May 14, 2010 at 2:00 p.m., in the Executive Conference Room of the Administration Building, 100 Ribaut Road, Beaufort, South Carolina.

ATTENDANCE

Natural Resources Committee members: Chairman Paul D. Sommerville, Vice Chairman Jerry Stewart, and members Gerald Dawson, Brian Flewelling and William McBride attended. Member Stu Rodman participated telephonically. Member Steven Baer absent. Non-committee member Laura Von Harten also attended.

County staff: Tony Criscitiello, Division Director – Planning & Development; Amanda Flake, Planning Department ; Bryan Hill, Deputy County Administrator; Lad Howell, County Attorney; Ed Hughes, Assessor; Gary Kubic, County Administrator; Billie Lindsey, Planning Department; Dan Morgan, GIS Director; Dave Thomas, Purchasing Director;

Media: Richard Brooks, *Bluffton Today*

Public: Reed Armstrong, Coastal Conservation League; Glen Stanford, Conservation Consultants; Russ Moraine, Conservation Consultant; Ann Bluntzer, executive director Beaufort Open Land Trust; Ken Driggers; Garrett Budds, Coastal Conservation League; Dmitri Badges, citizen; Scott Dadson, manager City of Beaufort; Beekman Webb, president Beaufort Open Land Trust board.

ACTION ITEMS

1. Consideration of Contract Award – Rural and Critical Lands Preservation Program Consulting Services for Beaufort County

Discussion: Mr. Sommerville explained requests for qualifications (RFQ) went out several months ago. The Trust for Public Lands had to terminate the contract some time ago, and Glenn Stanford and Russ Moraine stepped into the vacuum created. Mr. Sommerville stated the Conservation Consultants did and continues to do an admirable job.

Mr. Dave Thomas, director of purchasing, introduced the RFP evaluation committee: Lad Howell, Ed Hughes and Dan Morgan. We started out receiving five RFQ responses and did an initial evaluation. Three companies could do the job and met the qualifications. The final rank order is done and the Beaufort Open Land Trust came out on top. He explained much of their top ranking is because the Beaufort Open Land Trust is a nonprofit, and has a different approach than the incumbent contractor for green space. That said, by the evaluation criteria, qualifications, experience they are qualified. It is our recommendation they be awarded the contract for \$144,000 for an initial one-year contract. Currently, if you are asking about funding

there is money in the current contract to pay the firm. We continue to move forward with this process, and more money will be added to that account. The Open Land Trust money, about \$13.5 million left, might go down as we continue the transition if this committee recommends award of the contract. The top-ranked firm costs considerably less than the incumbent contractor by \$96,000. Both firms were qualified to do the job, and the incumbent has done a very fine job.

Mr. McBride wanted to know if there was additional information on this item other than the first page of the memo. Mr. Thomas said it has the memo and an Excel sheet. Mr. Stewart said he received it by email, but other Committee members did not receive the sheet.

Mr. Sommerville said the purpose of the RFQ was because we need to go out to the public. At least 3 of the applicants were well-qualified. We need someone to manage the program and we have someone doing an excellent job of it. We need someone to manage for the next five years, 10 years, or however long the program lasts. Part of the job/responsibility of whoever manages this program going forward is going to be helping us with any referendums we may decide to go forward. Of someone who takes on the project is to manage any referendum if they are adopted. One of the things we'll discuss is whether it is timely and appropriate to try to put a referendum on the November ballot. He stated the Open Land Trust brings a lot to the table as longtime participants in the program, and in many regards. They have a lot of outreach ability in the community, and in the event we go out with a referendum in November, or whenever. He told the Committee he wants the following: First, we need to vote whether or not to accept staff recommendation to make the Beaufort Open Land Trust the designated representative for the Rural and Critical Lands program, effective July 1. Second, we need to decide whether or not to proceed with a referendum, and if so if it will be on the November ballot.

Mr. Sommerville stated it pains him that this might appear to be a negative reflection on Conservation Consultants, who have done so well on the job. He said he has had in-depth conversations with Glenn and the Open Land Trust to make certain, in the event this Committee and Council decides to appoint the Open Land Trust, there will be a seamless transition from everyone's standpoint, particularly the relationships Russ and Glenn established over the years.

Mr. McBride said looking at the agenda this was not as an agenda item. The agenda I have does not have this item. Mr. Flewelling asked when it was added. Mr. Sommerville said it was added in the past 3 or 4 days. Mr. Flewelling said he did not find out this was going to be discussed today until about 10 a.m. today and would have liked more time to investigate. Mr. McBride said if the press received the item, it is okay.

It was moved by Mr. Flewelling, seconded by Mr. McBride, that the Natural Resources Committee accepts and forwards on to Council staff's recommendation to award a contract to the Beaufort County Open Land Trust for Rural and Critical Lands Preservation services with the anticipated cost per year of \$144,000 for an initial contract term of one year with four additional one-year contract renewal periods, all subject to the approval of Beaufort County.

Mr. Dawson said he would echo Mr. Sommerville's remarks about the outstanding job Russ and Glenn have done for the Rural and Critical Lands Program. He said to accept staff's recommendation would be of substantial savings for the County. But he said he wants to be assured of his concern, that we will be getting the same level of service, if not better, with the

Beaufort Open Land Trust. If staff feels confident we will get the same level of service, then he has no problem.

Mr. Sommerville said the Executive Director Mrs. Ann Bluntzer and Chairman of the Board Mr. Beekman Webb of Open Land Trust are here.

Mr. Flewelling asked if Mrs. Bluntzer will come up. Mr. Flewelling said he wonders two things: First, he understands the need to keep aspects of Rural and Critical Lands – acquisition of rural and critical lands and caretaking responsibilities – separate. How do you plan to do that? What is the process outlined? Do you have one?

Mrs. Bluntzer said they do. She stated she hopes the Committee will forward to all council members the full proposal, a 35-page document outlining all of these things clearly and how we plan to address them. She added one of the top concerns was the separation mentioned by Mr. Flewelling. First and foremost, the Open Land Trust is a nonprofit organization, whose mission is land conservation in Beaufort County. It is right in line with the heart and soul of the Rural and Critical Lands program. With that, there is a Board of Directors. We think the best way to move forward, to give Beaufort County the best services and keep the conflict of interest to zero, is to completely separate our board. It is simply our staff offering our consulting services to the Rural and Critical Lands Preservation Board. Our Board of Directors for the Open Land Trust will be completely separate entity. We will continue to move forward with private conservation projects; all the things we have done in this community for 40 years will move forward. To avoid any conflict of interest we plan to keep everything separate, almost like it is its own corporation moving forward. Our consulting services will be done by staff simply as that, a consulting service to the Rural and Critical Lands Preservation Board. Hopefully when you see the proposal, which I am sure you will before first reading, you will feel confident in what those things are. We are excited about this opportunity, and feel we can broaden this program further. We want to capitalize on all of the opportunities we can and continue to educate the public.

Mr. Flewelling said a lot of this quite frankly and bluntly depends on you personally. One of the main reasons I want to do this is because I know you and know how effective you are in a lot of things. You have to tell me, how long you can guarantee you will be here. Mrs. Bluntzer said it is her hope to be here forever. She said she has a young family and loves Beaufort, and is invested here. This job is her calling and she wants to be a part of saving this community as long as she can. She said she thinks the Open Land Trust will do better than anyone else would be able to in the long run.

Mr. McBride said Mr. Flewelling touched on it a bit. Are you absolutely confident you do not see any conflict of interest between the two programs? Mrs. Bluntzer replied she sees none, but acknowledged seeing where a perception of one could exist. That is why it is important and crucial to be proactive about that. There are several ways to do it legally – separate our consulting services as a branch off of our 501(3)c into what is called a 501c(9), which does not in any way answer to the Board of Directors. We can go as far as legally separating our organization. Moving forward, the way our organization is structured currently I do not see a conflict of interest. The only one you can possibly see is the board aspect, which we are dealing with. I think it becomes a much more powerful program when you put our program behind what the Rural and Critical Lands program is doing. She also said it is exciting to see a private,

citizen-run nonprofit organization reflecting the entire county tying into a partnership with the County. This is rare and a neat opportunity.

Mr. Stewart said I do not like to call it a conflict of interest. He said he assumes Mrs. Bluntzer is employed by the Board. It is hard for someone to have two masters. So, potentially because you do have an objective with your Board and the Open Land Trust with its agenda to follow, you are responsible and report to them. I find it hard to understand, you say you looked into it legally to separate, but your job and allegiance is to that board. If the Board's agenda and our Rural and Critical Lands agenda are not consistent, I can see there being a lot of problems. One instance I see is our partnership with the Marine Corps Air Station – Beaufort in buying land for the AICUZ. That objective is not necessarily the case with the Open Land Trust. Are you going to be as committed to that aspect of preserving that relationship to preserve the land around the Air Station as you would in something on the May River? Can you address those? I still have some concern. I see the synergism and logic in putting this together, but I also see the logic in having it separate as it has been. He said the continuity is very important to him and we want to follow through.

Mrs. Bluntzer said her husband is a pilot at the Air Station so she does want to protect it, and the annual meeting this year illustrated that they support the cause. In 10 of those deals done with the Navy, the Open Land Trust holds the conservation easement and was crucial to making those deals. We are in support of open space in any case. Our missions are right in line. We are 100 percent supportive of the Air Base. She said she and Glenn have been in constant conversation about moving the programs forward. Whatever helps the continuity, sustainability, etc. We are going to work to make sure they go forward.

Mr. Stewart thanked Mrs. Bluntzer and again asked her if she does not see a conflict as an employee of the Open Land Trust board and consultant for the Rural and Critical Lands Program. Mrs. Bluntzer replied what is in the best interest of the Rural and Critical Lands Program in the County will always be what happens to also be in the best interest of the Open Land Trust – no question. We are a little entity under the umbrella of the county. We are one small part of this program, and our relationship and support working with Conservation Consultants in the past illustrates this.

Mr. Webb, Open Land Trust, said he wants to echo what Mrs. Bluntzer said. We have always been absolute supporters of the Rural and Critical Lands Preservation Board. Our intention is to plan to disconnect ourselves of the day-to-day working. We have a lot of resources from Northern Beaufort County to Southern Beaufort County. Without advocating one way or the other, we can make contacts who will be valuable. I do not think there will be any conflict. I think we are on the same mission.

Mr. Dawson asked if this is a one-year contract with annual renewal. Mr. Thomas said yes, subject to the approval of Council.

Mr. Flewelling asked Mr. Thomas if he could get Council members a copy of that proposal sent before the item goes before Council.

The vote was: FOR – Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Baer. Mr. Rodman participated telephonically. The motion passed.

Recommendation: Council approves the contract award to Beaufort County Open Land Trust for Rural and Critical Lands Preservation services with the anticipated cost per year of \$144,000 for an initial contract term of one (1) year with four (4) additional one- (1) year contract renewal periods all subject to the approval of Beaufort County.

Mr. Dave Thomas, at the request of Mr. Flewelling, will send Council members a copy of the Open Land Trust proposal prior to the item going before Council.

2. Discussion of a potential November ballot for Rural and Critical Lands Bond Referendum

Discussion: Mr. Sommerville asked Mr. Howell to summarize the mechanics and timeline of a putting together a referendum, as well as how realistic a November ballot question would be.

Mr. Ladson Howell, County Attorney, said he forwarded to each Council member, through Mr. Kubic, the timeline provided from Scott Marshall, Voter Registration and Election Board. I think it is August 15. If we started today, we will barely squeak by. The legislative process will take a few months. If you decide to have a referendum to have voters consider, you also have to pass an ordinance parallel to that process. Moreover, I have to send the question the voters will face to the Justice Department for approval; along with the question comments must be attached to make sure it is fair to the minority voters. You have been through this process before. The bottom line is if you want to make that decision, you should start and approve it today because the timeline will be very narrow.

Mr. Sommerville said the process will be tight for the November ballot. Rural and Critical Lands Preservation Board Chairman Steve Riley asked us to consider putting a referendum on the November ballot for \$50 million. There are a lot of questions – the pure mechanics, what will happen with millage in the next year, taxes will rise at some point with something of this scope and can we ask the voters for another increase.

Mrs. Bluntzer stated the Open Land Trust is in favor of a referendum as an excellent way to continue to protect the open space in the community and to promote a smart way of growth. As to the date issue, she said she is hesitant of a fall ballot initiative. She said she thinks it will be rushed and hard to garner support in such a challenging time. Typically during a bond referendum we have more time to put together an effective public campaign. It will be tough to ask people for more money right now. Our best case for success is to push it to a spring or next fall election. There has been some discussion about whether this has to go on a general ballot initiative or special.

Mr. Moraine said he has been involved in about 8 referendums dealing with funding for land conservation in counties and cities. One thing to consider: People will vote for land conservation when they won't for other measures. This is proved over and over. There is a process to follow; you are late. You have to craft a good ballot question. Second, consider public education. In 2006, when the second bond referendum was put on the ballot we had the time to

update the county's green print, involving a series of community meetings all over the county and providing the understanding of the program. The problem you have is the time to educate the public on what the program accomplished since 2006. On the other hand, these measures do not do as well in special elections as they do in general elections. In off years, the passage goes down dramatically. In the 2008 general election, 88 percent of the measures nationally put on the ballot passed. In 2009, it dropped to 58 percent. Consider these things. We spoke with the Rural and Critical Lands Preservation Board at the last meeting about compressing the green print update. If you decide to go forward, we will share with the Open Land Trust. It could be compressed between July and October to get enough public understanding.

Mr. Kubic said he agrees wholeheartedly with what Mr. Russ Moraine said. Special elections are harder to pass, but it also costs a little bit to get ready to go. It has to be considered as a budgetary expense. He wants to add a few things. In the last two weeks, I wavered back and forth on my stance about whether or not to place it on the November ballot. If we do not do a special election, the next time will be 2012. If we could explain it to folks based on an amount what it would mean per mill. Then I thought of this example: If a one mill requirement was associated with the ballot language of a new issue and that converts into an increased tax of \$24 for a \$300,000 house, would the homeowner be willing to accept the tax increase to preserve land. We could put something like that together for Council to see. If it is 2 mills there would be a \$48 change. Mr. Kubic stated he thinks it is one of the things people begin to look at with these things; it becomes a "real pocketbook issue." This referendum impact depends a lot on the entire county and all of the municipalities. He recommended if Council decides to go forward with the referendum they should expect to see from the other municipalities' resolutions in support, as it affects their budgets and residents. The goal here in land preservation is an interesting item. He said he wanted to give perspective. The 2012 period of time is a long period to go dormant, and he assumes it would be better to allow the taxpayer to have a chance to weigh in. The worst case scenario is if they say no; we work twice as hard to have them say yes in 2012.

Mr. Sommerville said if we passed a \$40 million referendum, issue the bonds in 2011 and advertise the bonds in 2012, that is about a half mill in 2012 for \$10 million. Then, we add another \$10 million in 2012; advertise it in 2013 and it would be another half mill. In 2013, there would be another \$10 million and another half mill roughly. You end up more than \$40 million over 4 years. At the end of the fourth year you end up more than 4 mills in debt, roughly. Then it will drop off as the principal advertises down. He said this gives perspective of where this is going.

Mr. Garrett Budds said I cannot do much more than agree with most of what I heard around the table. I see both sides of it. I see the value of putting it on a general election from the data collected and knowing it has a better chance of passing. He added he also sees the wisdom in postponing giving more time to educate the public and voters. Basically, the decision should come down to what is the best course of action to education the public. When you start talking to them about millage rates, increase over time, the bang for the buck, what happened with the Rural and Critical Lands Program, what is really going to happen and what stands to be gained, it is a lengthy process. It takes time to build that capacity with the public. Whatever this Committee feels comfortable with that public education process is likely to take time. If you think you can make sure the public is aware of what has been done to date and what can be gained as we go

forward, more power to you. If you need more time to educate, postponing may be worth the gamble.

Mr. Stanford handed out a copy summarizing properties in the current green print the Rural and Critical Lands Program either purchased or placed preservation easements on. The document is broken down by areas, date, acres, and investment. For example, on Hilton Head Island from 1998 to 2009 a total 912.6 acres have been acquired for a total of \$11,634,515. Other geographic areas include Bluffton Township (\$7,350,000 invested), Okatie River and Headwaters (\$15,936,000 invested and this is a major focus), New River (\$3,340,000 invested), Lemon Island/S.C. 170 Corridor (\$11,070,000 invested), Lady's Island (\$4,432,175 invested), Marine Corps Air Station - Beaufort Joint Projects (\$6,367,125 invested and the Marine Corps is often a 50/50 partner on the projects), St. Helena Island (\$9,135,000 invested), Islands (\$3,480,000 invested) and other. Mr. Stanford specifically spoke of the Ulmer transactions, sought by Hilton Head Island. The purpose of this analysis is to show the green print has been a true guide to activities of the Rural and Critical Lands program, and no there is not equal distribution but it is fair. Everyone should be proud of the accomplishments. In addition, we prepared an analysis showing the cash status of the program so you can understand as you decide to move forward with a new bond issue or not. As of March 31, there is \$13.4 million remaining in cash (bond funds that have been drawn down). There are four projects announced and approved by Council, but not closed; these total approximately \$2 million. Then, there are pending projects totaling \$6.3 million. That leaves, assuming all those projects close, a remaining \$5 million out of \$40 million drawn on the total \$50 million approved issue from the voters. At the bottom, you see \$10 million undisbursed bond funds. Essentially, we have \$13 million, committed \$2 million of that, \$6.3 million of partially approved, and left with \$5 million in the bank.

Mr. Sommerville said it does not make a lot of sense to talk about a new bond referendum and not use all of the money. There is no question at some point we will use the \$10 million. If we go forward in November but the referendum fails, are we worse off than if we waited?

Mr. Flewelling said he thinks pushing it forward puts us on an unbalanced footing. He asked we avoid doing this by a special election: the cost is prohibitive and people have the impression its backdoor dealing. He said we do not want something like this to fail. Because we have been successful over and over on these referendums, one failure might lead to the next. If we do this, we want a real chance at succeeding.

Mr. Stewart said to speak to the logistics, we as Council members are not able to actively participate in this process. Once we vote on this, we are out of it; we cannot go out and support it. Last time we had an active group of private citizens. I do not know that we have the same group of citizens. They did a lot of surveying and educating citizens on the issue. Unless we have that support mechanism, I do not know and we are not nearly as well-organized. He asked where that organization would come forward as we move forward.

Mr. Stanford said for months we recognize this has to be broached, but no there has not been any organization effort so far. Mr. Stewart asked if we know of any other referenda that might be out there, which might be competition to passing this one. He said he knows there is

one from Hilton Head about tourism. Is there going to be competition? Logistics are not in our favor, but the economy in some sense is not in our favor, but in another sense it is because land is cheaper.

Mr. Rodman said he has always been a proponent of doing another referendum. He said there is a risk of stopping and restarting. Prices are down right now. It is easier to start down that path at this point in time than stop. He said he is in favor of proceeding.

Ms. Von Harten said she wants Council to try the referendum this year. She said she sees mounting development pressure building up again. We need to have money in the bank to continue to protect our land. I do not like tax increases. It will hurt some people, but it will save money and help us in the long term by protecting those lands from development. To me, it is worth some short term hurt.

Mr. Flewelling said he is generally in favor of the Rural and Critical Lands Program. They have done a lot of good for Beaufort County. He added it saddens him the Program would shortly run out of money without a definite set of financing subsequent to that. Having said that, I am on record as saying the only way I will vote for an additional referendum for Rural and Critical Lands if we also have a referendum at the same time for purchasing the property across from the Marine Corps Air Station that is the Beaufort Commerce Park from the Lowcountry Economic Network, as well as a certain amount of money to build spec buildings. I think it only makes sense to talk about the future of preserving land if we are allowing our citizens the opportunity to compete to get better pay, build nicer houses, increase income, etc. One defeats the other if we do not consider them together. He added he thinks the only way we can afford to purchase the Beaufort Commerce Park property from the Lowcountry Economic Network is through a referendum.

Mrs. Bluntzer said if the Council votes to move forward with this referendum for the November ballot the Open Land Trust will move forward with its full power and as many grants as they can get to do everything possible to get this to pass. There would be the full marketing/communications support behind them.

Mr. Stewart said we have heard different amounts for a bond referendum. We have not talked about a real number.

Mr. Dawson said he thinks this is bad timing. The window we have to get the referendum ready for the ballot is critical. Also, from an economic point of view our citizens are in a narrow straight. To go through the process, to meet the requirements and to get it on the ballot for November and it fails is a stain on the Open Land Trust and the program, as well. I think we are rolling the dice, and taking a chance to move forward for the November election with this referendum. This is not the time.

Mr. McBride said he will not support the question on the ballot for a special election. It has to be a general election. As a member of this Committee, I will vote favorably to move to Council although I am not sure how I will vote at Council.

Mr. McBride moved, Mr. Dawson seconded a motion the Natural Resources Committee approves and forwards to Council a November 2010 ballot referendum item for \$40 million bond

for Rural and Critical Lands Preservation. The vote was: FOR – Mr. Flewelling, Mr. McBride, Mr. Sommerville and Mr. Stewart. OPPOSED – Mr. Dawson. ABSENT – Mr. Baer. Mr. Rodman participated telephonically. The motion passed.

Mr. Rodman said he would have voted in favor. Laura said she would vote in favor.

Recommendation: Council approves on first reading, by title only, a November 2010 ballot referendum item for \$40 million bond for Rural and Critical Lands Preservation program.

3. Off agenda item – Traditional Neighborhood Development

Discussion: Mr. Sommerville said we had a dog fall (vote 5:5) on Traditional Neighborhood Development (TND) and he wanted to discuss it with the Natural Resources Committee.

It was moved by Mr. Flewelling, seconded by Mr. McBride, to discuss Traditional Neighborhood Development as an off agenda item. The vote was: FOR – Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Baer. Mr. Rodman participated telephonically. The motion passed.

Mr. Sommerville then asked Mr. Tony Criscitiello, division director – Planning and Development, to talk about TND's. All we agree to do was discuss it at this point.

Mr. Criscitiello said in the Zoning and Development Standards Ordinance there is a provision providing for a large community option, and the provision has been in there since 1999. Because of the manner in which the standards have been written they have never been utilized. When Zoning Board of Appeals heard an application for an appeal on administrative interpretation, it asked staff to prepare an amendment to the provision so it would be operative. It was typed as the TND portion of the ordinance, which made that portion of the ordinance work. Analysis of the applicability of the TND revealed relatively few places in Beaufort would meet the requirements

Mr. Flewelling said, "Relatively few, in fact, there were actually only 10." Why were there only 10? Why was it not generally applicable to the rest of the county?

Mr. Criscitiello said it is because of the zoning districts applied to, and also with the availability of parcels of a certain size. Mr. Flewelling asked if it also had to be within a certain distance from established commercial areas or schools, within a certain zoning district, and of a certain size etc. Mr. Criscitiello agreed. He added that because of the desire we would not create sprawl by letting this happen we purposefully took it out of the rural zoning district as an option. Consequently, this was crafted as a prelude to an important component of the form-based code. It was felt to be a bridge amendment to test some feasibility and opportunities arising because of this. Staff did this without looking at any particular project. We did know one project which would be qualified for – Cherokee Farms. It was the judgment of staff, given the location, the manner it would complete a neighborhood, etc. that it was a good idea.

Mr. Sommerville said he heard a lot about TND.

Mr. Stewart moved, Mr. Flewelling seconded a motion to forward to Council the Traditional Neighborhood Development item for third and final reading.

Mr. Flewelling said for discussion, part of the resistance to the TND was the possibility it could be used to create a gate-community, in Northern Beaufort County, where none save a few exist right now. I wonder if we can amend to make it not applicable to gated communities. Can we do that?

Mr. Criscitiello said he does not think we can at third and final reading. It has to originate in Planning Commission. Anything presented to you as Council has to first originate at the Planning Commission. That provision goes to the Planning Commission, and then be brought forward. That is certainly possible. Mr. Criscitiello pointed out there are some very valid provisions in this such as affordable housing. Mr. Flewelling said it was 10 percent. Mr. Criscitiello said the municipal partners, Beaufort, Port Royal, endorse this as something supportive of the general notion for development.

If we refer it to Planning Commission could we have it come to third and final reading? Mr. McBride said it would have to restart.

Mr. Scott Dadson, manager City of Beaufort, said TNDs are ways of defining good planning throughout a community. We are very supportive of this. There are always areas of a community where people live closely together and have a sense of community. TNDs give us better tools in our toolbox, as a county. They control sprawl, commercial use and traffic better. They are good tools for the community and people who live there.

Mr. Flewelling said he likes the idea of his amendment, but not enough to stop the process at this point. How do we refer back to Planning Commission an amendment to move forward to the TND we want to pass?

Mr. Criscitiello said you can direct him to go to Planning Commission with an amendment. He will look into it. Mr. Kubic said he is present in the meeting and knows Council's intent and will make sure it is done.

The vote was: FOR – Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Baer. Mr. Rodman participated telephonically. The motion passed.

Recommendation: Council approves on third and final reading the Traditional Neighborhood Development portion of the Zoning and Development Standards Ordinance.

4. Executive Session

It was moved by Mr. Flewelling, seconded by Mr. Dawson, to go immediately into executive session for the discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property. The vote was: FOR – Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Baer. Mr. Rodman participated telephonically. The motion passed.



Monthly Progress Report

For Beaufort County Council on the
**Beaufort County 1% Sales Tax Road
Improvement Projects**

Presented Monday, May 24, 2010

SIGNIFICANT CHANGES FROM LAST REPORT

Project	Significant Changes
1 - Bluffton Parkway Phase 5A	<ul style="list-style-type: none"> • Road construction bids from Burnt Church to Buckingham Plantation Road were opened. • Flyover bridge delayed.
2D - Plantation Business Park Frontage Road	<ul style="list-style-type: none"> • Beaufort County Council awarded a construction contract to Cleland Site Prep, Inc. on March 29, 2010.
3 - SC 170 Widening	<ul style="list-style-type: none"> • Funding for right-of-way and construction from US 278 to the Bluffton Parkway has been approved. • Town of Bluffton to Donate \$2 million in right-of-way.

SALES TAX REVENUE (PLUS INTEREST) TO DATE

\$77,111,677

COMPLETED PROJECTS

Project Complete

2B. US 278 INTERSECTION REALIGNMENT

Project Summary

Design Firm: Wilbur Smith Associates

Project Manager: Darrin Shoemaker, Town of Hilton Head Island

This project consisted of intersection improvements and widening on US 278 (William Hilton Parkway) at Squire Pope Road on Hilton Head Island.

Project Status

This project is complete.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02B - US 278 Realignment at Squire Pope Rd.	\$1,640,213	\$1,590,213	\$0	\$1,590,213	\$50,000



Realignment of the Intersection of US 278 and Squire Pope Road with New Mast Arm Traffic Signals

Project Delivered to Town of Bluffton

2D. US 278 FRONTAGE ROADS: BUCKWALTER COMMERCIAL

Project Summary

Design Firm: Florence & Hutcheson, Inc.

Project Manager: David Beaty, Florence & Hutcheson, Inc.

The Buckwalter Commercial frontage road will reduce traffic on US 278 by connecting Lost Oaks Drive to the Buckwalter Parkway. Two medians are scheduled to be closed by SCDOT on US 278 in this vicinity. This frontage road will be a two-lane road. Each lane will be 11 ft. wide with 6 ft. wide shoulders on each side.

Project Status

All documents for execution were submitted to the Town of Bluffton at the end of November, 2008, to be used during future development. The Town of Bluffton will implement plans for right-of-way and utilities relocation phases of this project.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Project Location

Project Complete

2D. US 278 FRONTAGE ROADS: THE GATHERINGS

Project Summary

Design Firm: Andrews & Burgess

Project Manager: Malphrus Construction

The Gatherings Frontage Road connects Buckingham Plantation Drive East to Salt Marsh Drive, reducing traffic on US 278. The median on US 278 at the Salt Marsh Drive intersection is scheduled to be closed by SCDOT. This frontage road is a two-lane road. Each lane is 12 ft. wide and constructed along the edge of the existing parking lot.

Project Status

This project is complete.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Intersection of the New Frontage Road and Buckingham Plantation Drive



Completed Paving for New Frontage Road

Project Complete

2E. US 278 (FORDING ISLAND ROAD) STREET LIGHTING

Project Summary

Design Firm: Beaufort County

Project Manager: Colin Kinton, Beaufort County

This project provided metal-halide lighting at 11 major intersections along US 278 (Fording Island Road) between SC 170 (Okatie Highway) and the Hilton Head Island bridges.

Project Status

This project is complete.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02E - US 278 Street Lighting	\$117,541	\$99,824	\$17,776	\$117,600	\$0



New Street Light Fixtures at the US 278 / Burnt Church Road Intersection



Detailed View of Newly Installed Street Light Fixture

PROJECTS UNDER CONSTRUCTION

Project Under Construction

Utility Relocation: 29%*

**This includes all utility relocation expenditures.*

1. BLUFFTON PARKWAY: PHASE 5A

Project Summary

Design Firm: Florence & Hutcheson, Inc.

Project Manager: David Beaty, Florence & Hutcheson, Inc.

This project is one of two that will make the Bluffton Parkway a continuous roadway from US 278 near the Hilton Head Island bridges to SC 170. This project will reduce traffic on US 278 in the greater Bluffton area by as much as 30 percent. Each new segment will be a controlled-access roadway with two lanes of travel in each direction, turn lanes, and adjacent multi-use pathways.

Phase 5A will extend the Parkway eastward from Burnt Church Road to US 278 near the Hilton Head Island bridges. This segment will be a 3-mile, four-lane divided highway with 8 ft. multiuse pathways. The flyover bridge which will allow unrestricted traffic flow on and off of US 278 from the Bluffton Parkway has been delayed. A large portion of the roadway will be routed through existing Santee Cooper power line easements.

Project Status

Road and construction bids were received in March, 2010 and the low bidder is Cleland Site Prep, Inc. Construction could begin in June, 2010.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
01 - Bluffton Parkway, Phase 5A (Roadway Section Only)	\$37,284,508	\$17,294,828	\$5,123,197	\$22,418,025	\$14,866,483
01 - Bluffton Parkway, Phase 5B					



Santee Cooper Removing Abandoned Power Poles



Water Line Relocation Along the Proposed Project Route

Project Under Construction

Percent Complete: **40%**

2A. US 278 (WILLIAM HILTON PARKWAY) RESURFACING

Project Summary

Design Firm: SCDOT

Project Manager: John Boylston, SCDOT

US 278 is being resurfaced under this project from Gum Tree Road to Sea Pines Circle. Approximately 8.5 miles have been separated into three phases: 1) Whooping Crane Way to Shelter Cove Lane, 3.6 miles long; 2) Shelter Cove Lane to Sea Pines Circle, 3.9 miles long; and 3) Gumtree Road to Whooping Crane Way, 1.0 mile long. SCDOT is managing all aspects of this project.

Phase 1 Project Status

Construction was completed in April, 2009.

Phases 2 and 3 Project Status

Additional ARRA stimulus funds will allow Phases 2 and 3 to proceed as well as resurfacing the roadway segment on Pinckney Island. SCDOT received construction bids on February 9, 2010 and the low bidder was APAC Southeast. Construction began May 3, 2010 and SCDOT has a mandatory completion date of no later than March 31, 2011.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02A - US278 (William Hilton Parkway) Resurfacing	\$6,911,000	\$4,174,331	\$0	\$4,174,331	\$2,736,669



Completed Pinckney Island Portion of the Project



New Turn Lane from William Hilton Parkway to Burke's Beach Road

Project Under Construction

Percent Complete: 0%

2D. US 278 FRONTAGE ROADS: ST. GREGORY

Project Summary

Design Firm: Ward Edwards

Project Manager: Kristy Carr, Ward Edwards

The St. Gregory the Great Frontage Road will help accommodate church parishioners entering and leaving US 278. This frontage road will connect the entrance of Berkeley Hall east to the entrance of St. Gregory and continue to the fire station. The median outside the entrance of St. Gregory is scheduled to be closed by SCDOT. This frontage road will be a two-lane road. Each lane will be 12 ft. wide with 3 ft. wide shoulders on each side.

Project Status

Design is complete but the project is awaiting USACE permit issuance and condemnation determination. Berkeley Hall's condemnation challenge action was filed on December 2, 2008, but DHEC rejected Berkeley Hall's case request against the County's permit. The County attorney is responding to Berkeley Hall's legal challenge. Plans have Development Review Team final approval.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Project Location

Project Under Construction

Percent Complete: 0%

2D. US 278 FRONTAGE ROADS: PLANTATION BUSINESS PARK

Project Summary

Design Firm: Florence & Hutcheson, Inc.

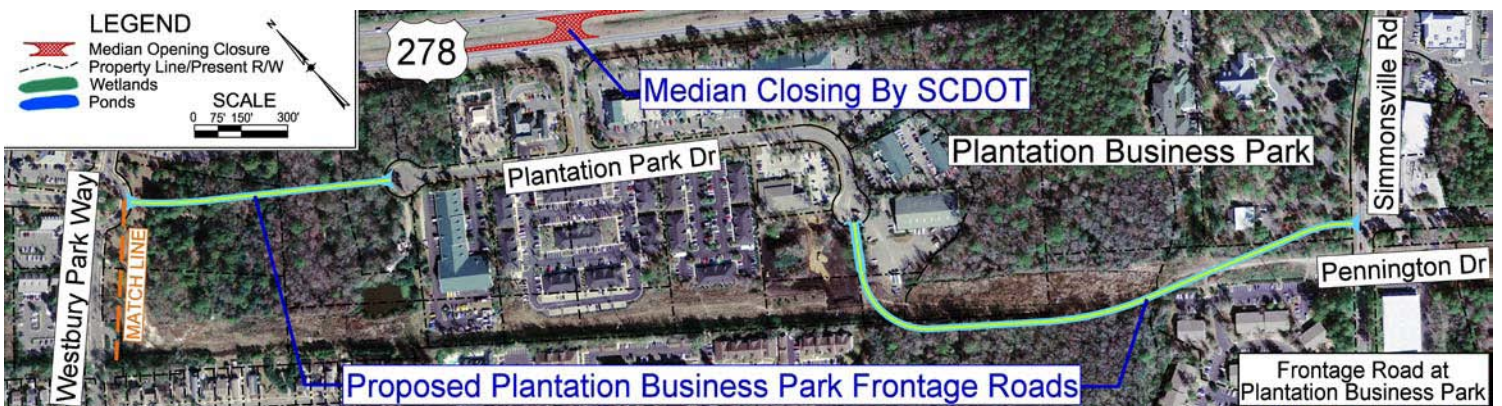
Project Manager: David Beaty, Florence & Hutcheson, Inc.

The Plantation Business Park Frontage Road will connect Westbury Parkway East to Simmonsville Road through Plantation Park Drive, connecting at the two roundabouts on both sides. This will give all businesses in Plantation Business Park who currently only have access to US 278 at one entrance, the ability to enter and exit at Westbury Parkway and at Simmonsville Road. The median outside the current entrance of Plantation Business Park is scheduled to be closed by SCDOT. This frontage road will be a two-lane road. Each lane will be 11 ft. wide with 6 ft. wide shoulders on both sides.

Project Status

The project was awarded to Cleland Site Prep, Inc. on March 29, 2010. Construction will begin June, 2010.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Project Location

Project Under Construction

Percent Complete: 79%

4. US 17 WIDENING: US 21 (CHARLESTON HWY.) TO COMBAHEE RIVER

Project Summary

Design-Build Firm: Phillips & Jordan, Inc.

Project Manager: Dan McInnis, Phillips & Jordan, Inc.

This project widens the segment of US 17 in northern Beaufort County to a four-lane divided highway from Gardens Corner northward to the Combahee River, addressing well-publicized safety concerns. Construction includes separated multi-use pathways for bicyclists and pedestrians. Project extends 1.7 miles into Colleton County. SCDOT is managing all aspects of this project.

Project Status

Project completion of the Beaufort County portion of the US 17 Widening project is scheduled for September 20, 2010.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
04 - US 17 Widening (US 21 to Colleton County)	\$7,069,851	\$6,214,978	\$25,803	\$6,240,781	\$829,070



Construction at the US-17/US-21 Intersection



Embankment Build-up for Future Travel Lanes

Project Under Construction

Percent Complete: 94%

7. SC 802 (RIBAUT ROAD) INTERSECTION IMPROVEMENTS

Project Summary

Design Firm: Dennis Corporation

Construction Manager: Don Smith, Beaufort County

This project will increase capacity and improve safety with improvements to the Vaigneur Road/ Edinburgh Avenue/ West Paris Avenue intersection, the East Paris intersection, and the Old Shell Road intersection.

Project Status

Rea Construction began construction in April of 2009. Construction is expected to be completed in June of 2010.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
07 - SC 802 Ribaut Rd (Lenor Dr to Lady's Island Dr)	\$1,131,825	\$421,564	\$530,463	\$952,027	\$179,798



New Right Turn Lane



Concrete Paved Median

Project Under Construction

Bridge Construction Percent Complete: 30%

Roadway Construction Percent Complete: 25%

8. SC 802 / US 21 WIDENING: RIBAUT ROAD TO SEA ISLAND PARKWAY

Project Summary

Road Contractor: Sanders Brothers

Bridge Contractor: United Contractors

This project will widen SC 802 (Lady's Island Drive) from US 21 to Ribaut Road, including construction of a new Beaufort River bridge, which will be constructed adjacent to the existing J. E. McTeer Bridge.

Project Status

The contractor continues to pour curb & gutter. Sidewalks are almost complete. All catch basins from Sea Island Causeway to US 21 are installed and completed. Asphalt paving has commenced and will continue for approximately three weeks. Work is progressing on the drilled shaft portion of the bridge. Many girders have been installed and work will continue on the bridge deck.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
08 - US 21/ SC 802 (Lady's Island Dr) Widening	\$46,932,896	\$13,685,104	\$32,360,098	\$46,045,202	\$887,694



Bridge Crew Removing the Braces for the Poured Concrete Bridge Deck



Installing Base Course Near St. Peter's Catholic Church

05/19/2010

Project Under Construction

Percent Complete: 25%

10. SC 802 (SAVANNAH HIGHWAY) WIDENING: SC 170 TO PARRIS ISLAND GATEWAY

Project Summary

Road Contractor: Sanders Brothers

This project will widen SC 802 (Savannah Highway) from SC 280 to SC 170, including 5 ft. sidewalks on both sides of the road. The County is working closely with BJWSA on the relocation of a large waterline. Erosion control devices, sidewalk installation, cross line storm drain installation and asphalt paving continues.

Project Status

The contractor is continuing to install storm drain pipe and catch basins. Power line relocation work is complete.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
10 - SC 802 (Savannah Highway) Widening	\$7,660,388	\$2,416,685	\$4,915,260	\$7,331,945	\$328,443



Installation of 42 Inch Storm Drain



Proposed View of Savannah Highway Looking Northwest at Shell Point Road

PROJECTS IN DESIGN

Project In Design

2C. US 278 WIDENING: SIMMONSVILLE ROAD TO SC 170

Project Summary

Design Firm: SCDOT

Project Manager: John Boylston, SCDOT

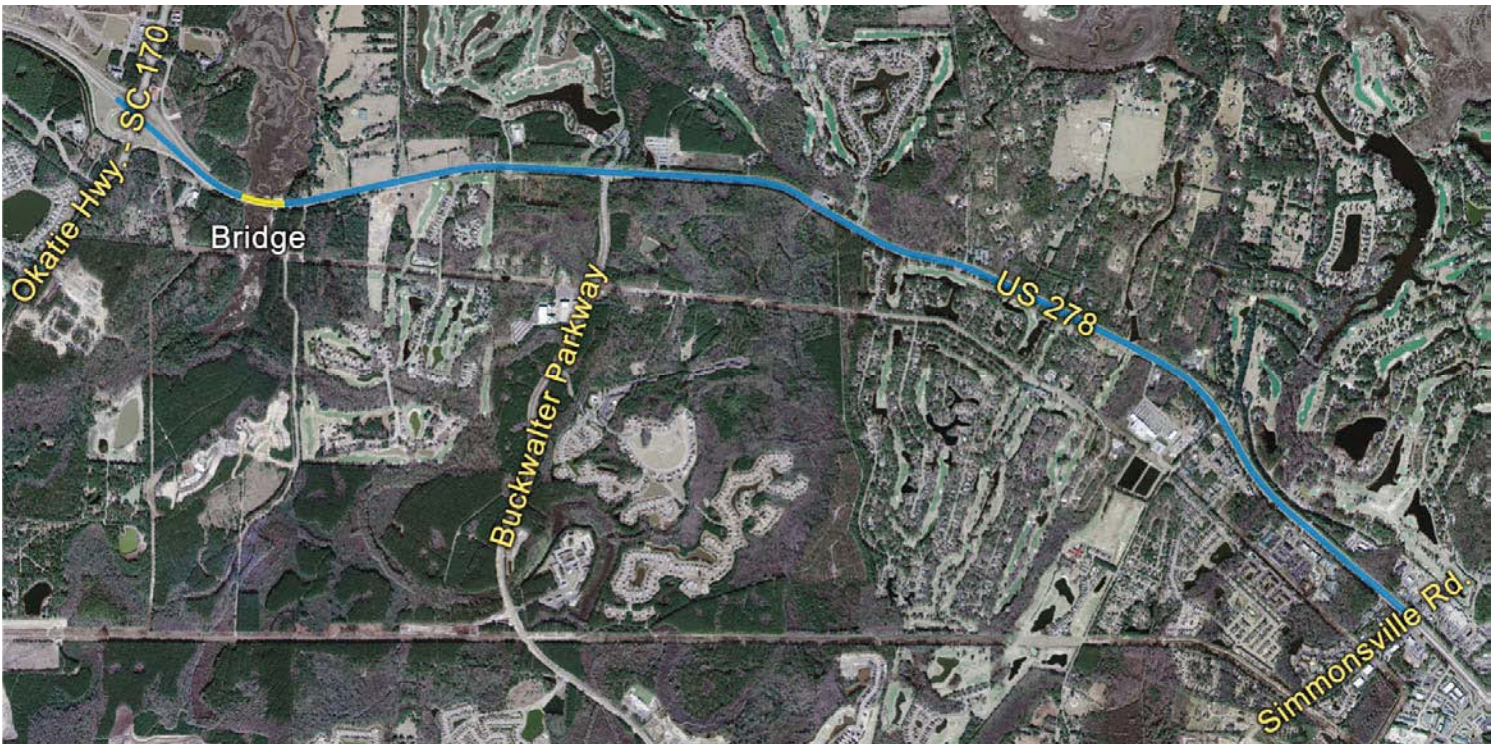
This project will widen US 278 to six lanes from SC 170 to Simmonsville Road. This project includes intersection improvements and widening at the Buck Island Road signal. SCDOT is managing all aspects of this project.

Project Status

SCDOT is negotiating property acquisition for the necessary right-of-way which is now 80% complete. Construction funding will be obligated in May, 2010 with a construction letting scheduled for July, 2010.

SCDOT currently is waiting on a municipal agreement with the Town of Bluffton and decisions about the barrier wall at SC 170 and the stormwater runoff at the Okatie River headwaters.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02C - US 278 Widening (Simmonsville Rd to SC 170) (\$12.8M Earmark being managed by SCDOT)	\$29,615,256	\$3,045,740	\$202,519	\$3,248,259	\$26,366,997



Project Location

Project In Design

2D. US 278 FRONTAGE ROADS: TANGER 1 OUTLET

Project Summary

Design Firm: Florence & Hutcheson, Inc.

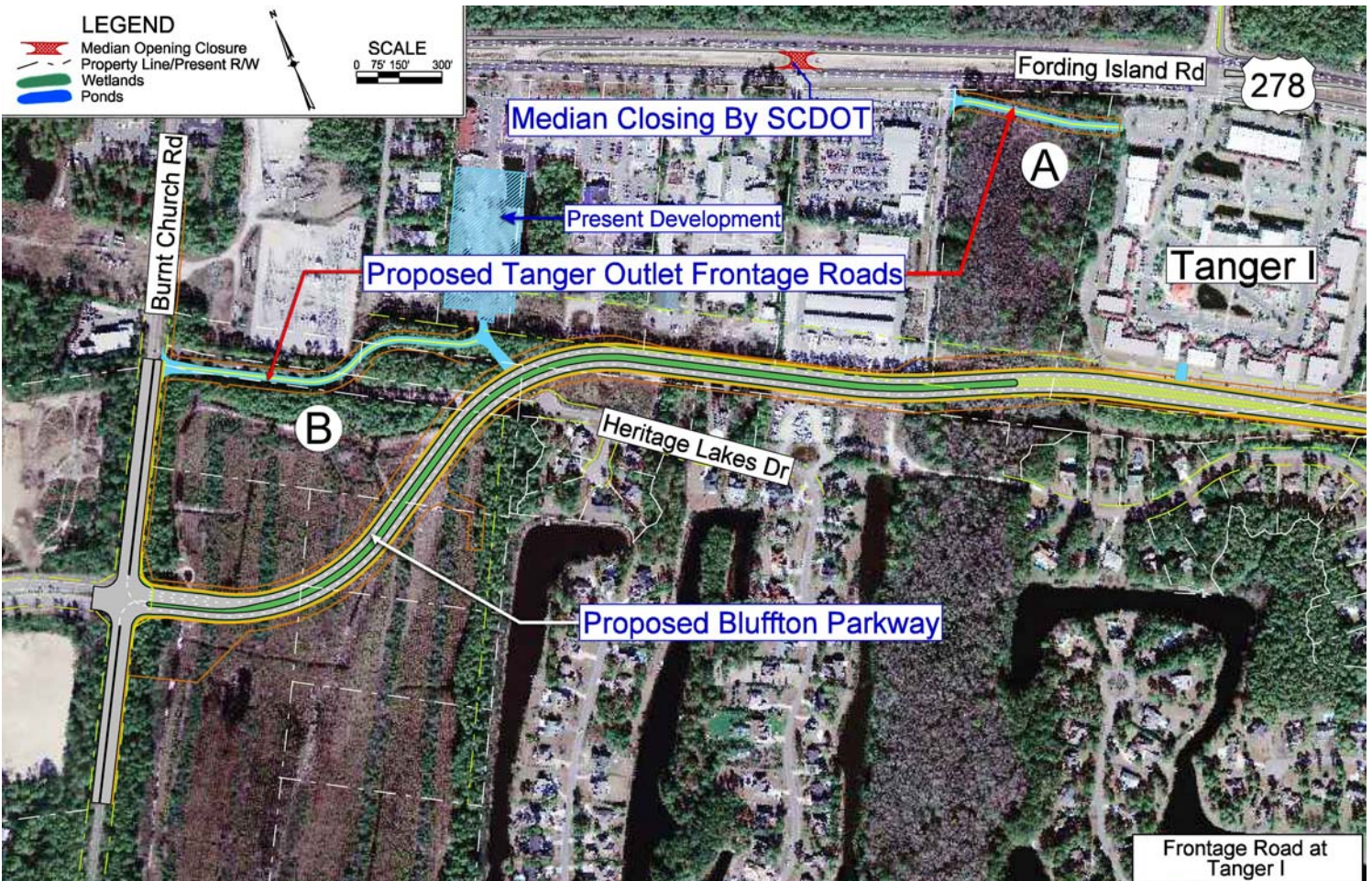
Project Manager: David Beaty, Florence & Hutcheson, Inc.

The Tanger 1 Outlet Frontage Road will connect Burnt Church Road to the shopping center north of Heritage Lakes. An additional frontage road will connect the Tanger 1 Outlet Center to the new BMW dealership. This will reduce traffic on US 278. The median north of the new BMW dealership is scheduled to be closed by SCDOT. These two frontage roads will be two-lane in width with 11 ft. wide lanes and 6 ft. wide shoulders.

Project Status

Right-of-way acquisition for the frontage road from the BMW dealership to the Tanger 1 Outlet Center is complete. Right-of-way acquisition from Burnt Church Road to the Tanger 1 Outlet Center is ongoing. Environmental permitting for both frontage roads is ongoing.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Project Location

Project In Design

2D. US 278 FRONTAGE ROADS: TANGER INTERCONNECTIVITY

Project Summary

Design Firm: Florence & Hutcheson, Inc.

Project Manager: David Beaty, Florence & Hutcheson, Inc.

The Tanger Interconnectivity Frontage Road will connect Commercial Place with two neighboring shopping centers, reducing traffic on US 278. This frontage road will be a two-lane road and each lane will be 10 ft. wide.

Project Status

Final design is complete and right-of-way negotiations are continuing with property owners.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Proposed Location for the Tanger Interconnectivity Frontage Road



Project Location

Project In Design

3. SC 170 WIDENING: SC 46 (MAY RIVER RD.) TO TIDE WATCH DR.

Project Summary

Design Firm: Thomas & Hutton Engineering Company

Project Manager: Doyle Kelley, Thomas & Hutton Engineering Company

This project will widen SC 170, 5.9 miles from the roundabout at SC 46 to the existing traffic signal at Riverbend (Tide Watch Drive), one mile north of US 278. This will widen the existing road to a four-lane divided highway south of US 278 and to a six-lane divided roadway north of US 278. This will accommodate future traffic demands within this corridor. The divided highway will address current safety concerns, reduce the need to remove grand oak trees, and includes a separated multi-use pathway for cyclists and pedestrians.

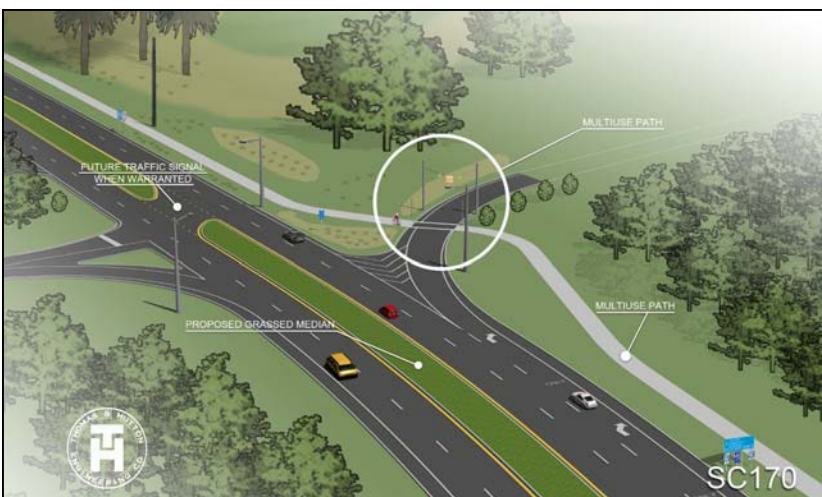
Project Status

The project has been divided into three phases to accommodate funding contracts, accelerate right-of-way acquisition, and phase construction. The phases are: 1) US 278 to Bluffton Parkway, 2) Bluffton Parkway to SC 46, and 3) US 278 to Tide Watch Drive.

Beaufort County's right-of-way acquisition is on hold until the Town of Bluffton donates \$2,000,000 worth of right-of-way, via development agreement concessions. All 15 deeds for the development agreement have been delivered to the Town of Bluffton. The Town of Bluffton has requested major design changes from SCDOT, including new roundabouts and a lower speed limit.

SC 170 Widening Phase 1, from US 278 to the Bluffton Parkway is fully funded.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
03 - SC 170 Widening (US 278 to Bluffton Parkway)	\$16,188,562	\$1,303,174	\$1,385,609	\$2,688,783	\$13,499,779



Rendering of Proposed Project Design



Rendering of Proposed Project Design

Project In Design

US 21 (BOUNDARY ST.) IMPROVEMENTS

5. Neil Road to Palmetto Street Project Summary

Design Firm: Thomas & Hutton Engineering Company

Project Manager: Doyle Kelley, Thomas & Hutton Engineering Company

This project will increase capacity, improve intersection design, and related improvements to the Boundary Street corridor from SC 170 eastward to the Boundary Street / Ribaut Road intersection. The project includes a separated multi-use pathway to serve bicyclists and pedestrians on the south side of Boundary street as well as landscaped medians and streetscaping. Sidewalks are included in the design.

6. Parallel Road from SC 170 to Sycamore Street Project Summary

Design Firm: Kimley-Horn and Associates, Inc.

Project Manager: Larry Meisner, Kimley-Horn and Associates, Inc.

This project is to provide a new roadway parallel to Boundary Street on the north side between SC 170 (Robert Smalls Parkway) and Sycamore Street. It will serve as an alternate route to relieve traffic on the Boundary Street corridor and will include sidewalks.

Project Status

A Feasibility Report for Boundary Street was submitted to Beaufort County on April 10, 2009. On March 15, 2010, Beaufort County Council approved a \$550,000 contract to Thomas & Hutton Engineering Company to provide final design. They are working with the City of Beaufort, local utilities, SCDOT, and Beaufort County to develop an acceptable typical section.

Due to funding constraints, the Parallel Road portion of the Boundary Street improvements has been put on hold, with the intention of construction in the future as development occurs.



Existing Boundary Street

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
05 - US 21 (Boundary St) Improvements	\$10,948,955	\$1,097,024	\$869,426	\$1,966,450	\$8,982,505
06 - US 21 (Boundary St) Parallel Rd	\$1,197,066	\$725,438	\$471,661	\$1,197,099	\$0

Project In Design

9. NORTHERN BEAUFORT BYPASS: GRAYS HILL TO BRICKYARD POINT ROAD

Project Summary

Design Firm: Thomas & Hutton Engineering Company

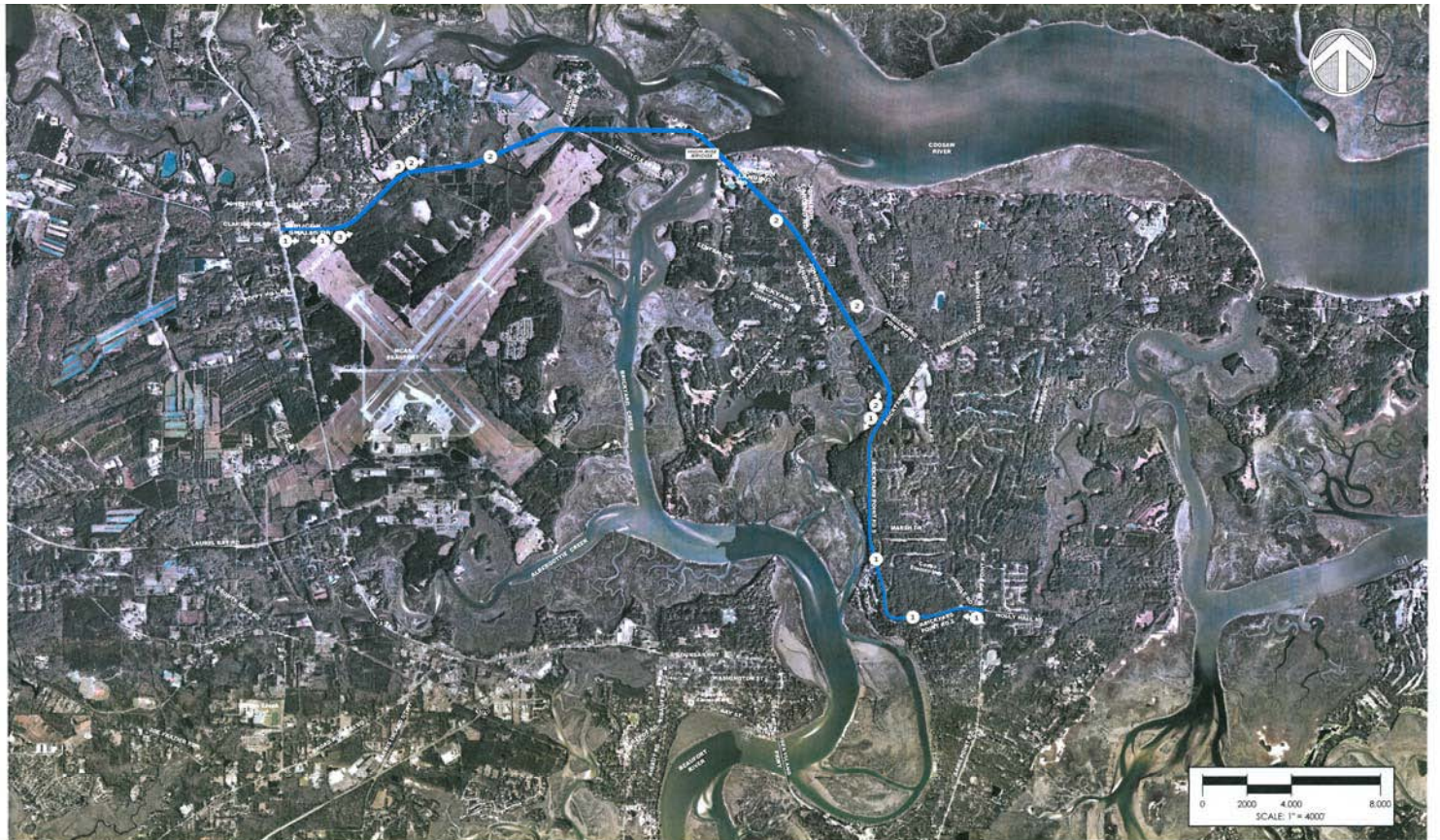
Project Manager: Doyle Kelley, Thomas & Hutton Engineering Company

This project will fund, at the request of the City of Beaufort, an environmental assessment (EA). The environmental assessment will study alignments for a future road to connect US 21 in the Grays Hill area with northern Lady's Island, creating a bypass route around the City of Beaufort for US 21 motorists.

Project Status

A final Feasibility Study was submitted to Beaufort County Council on October 16, 2009. On May 4, 2010 Thomas & Hutton presented to the City of Beaufort the preferred alternate alignment, as shown in the picture below.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
09 - Northern Beaufort Bypass	\$1,504,690	\$529,923	\$974,800	\$1,504,723	\$0



BEAUFORT NORTHERN BYPASS
COMPOSITE ALIGNMENT
FEBRUARY 22, 2010

Beaufort County
South Carolina

Preferred Alignment

DELAYED PROJECTS

Project Delayed

1. BLUFFTON PARKWAY FLYOVER BRIDGE: PHASE 5A

Project Summary

Design Firm: Florence & Hutcheson, Inc.

Project Manager: David Beaty, Florence & Hutcheson, Inc.

This project will construct a flyover bridge to connect the Bluffton Parkway Roadway with unrestricted access to US 278 in both eastbound and westbound directions.

Project Status

Final plans are complete. Right-of-way acquisition is complete. Utility relocation is 98% complete.



Rendering of the Flyover Bridge

Project Delayed

1. BLUFFTON PARKWAY: PHASE 5B

Project Summary

Design Firm: Florence & Hutcheson, Inc.

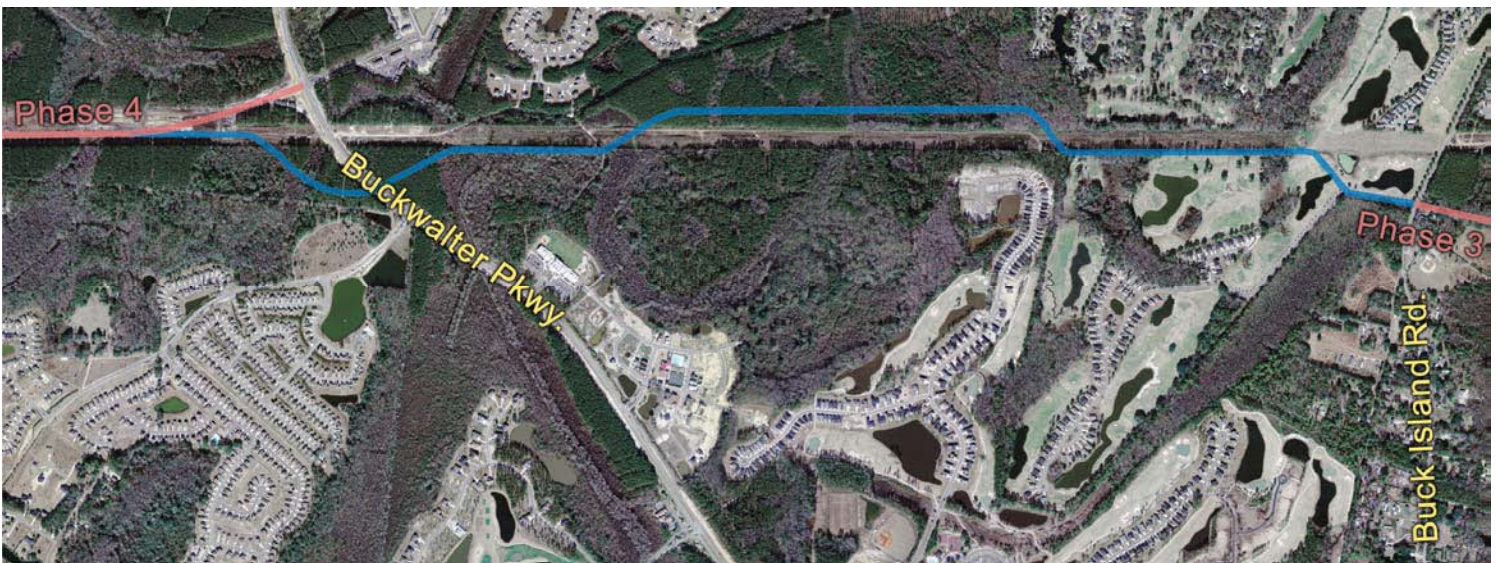
Project Manager: David Beaty, Florence & Hutcheson, Inc.

This project will improve roadway alignment and eliminate travel on the Buckwalter Parkway. The roadway will be 2.5-miles in length, and will be a four-lane divided facility, eliminating undesirable left turns where the Bluffton Parkway otherwise would enter and exit Buckwalter Parkway. Multi-use pathways, 8 ft. wide, will be included in this project.

Project Status

Right-of-way and final utilities plans have been submitted and permit applications have been assembled.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
01 - Bluffton Parkway, Phase 5A (Roadway Section Only)	\$37,284,508	\$17,294,828	\$5,123,197	\$22,418,025	\$14,866,483
01 - Bluffton Parkway, Phase 5B					



Project Location

Project Delayed

2D. US 278 FRONTAGE ROADS: ROSE HILL

Project Summary

Design Firm: Florence & Hutcheson, Inc.

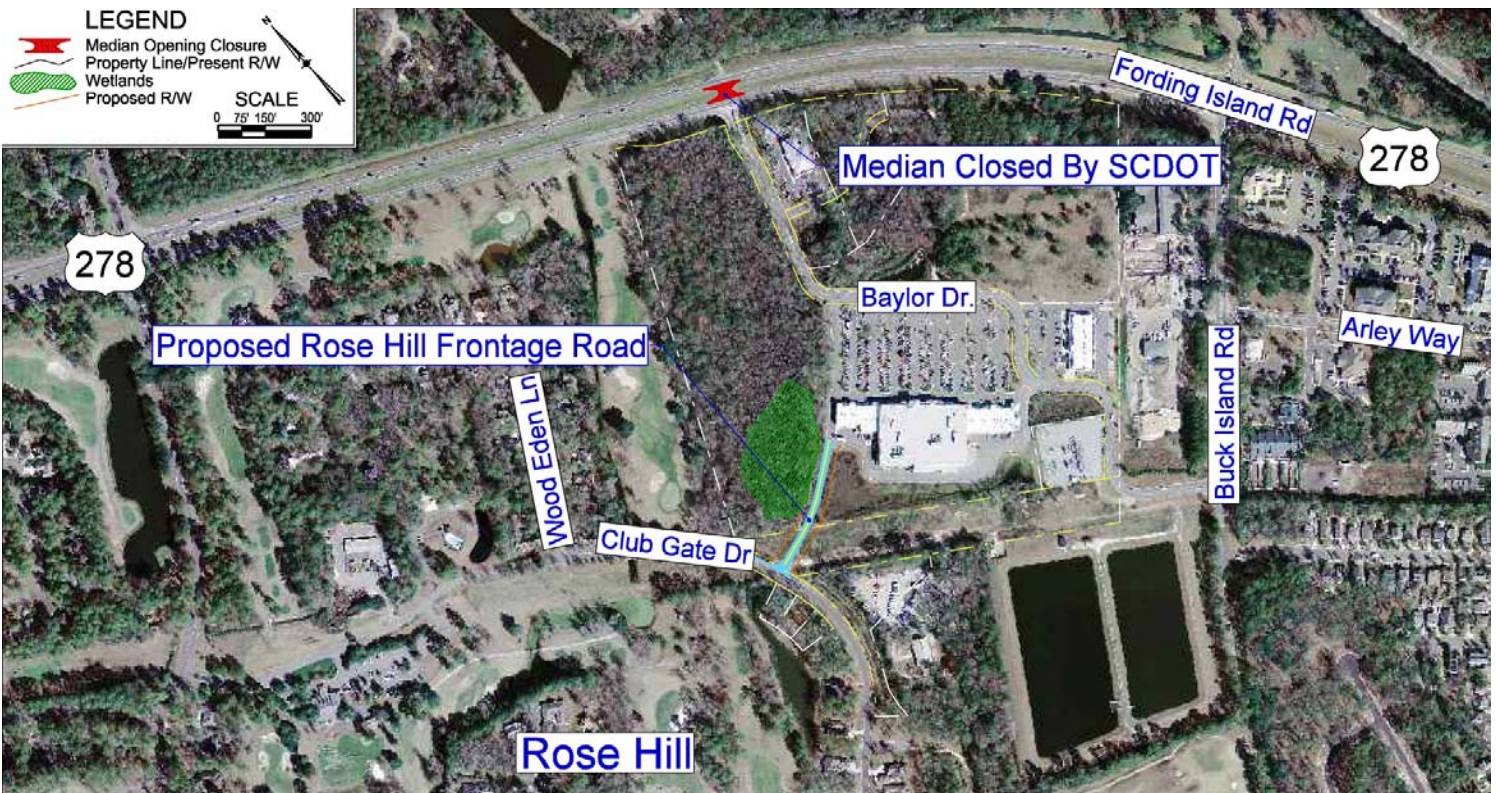
Project Manager: David Beaty, Florence & Hutcheson, Inc.

The Rose Hill Frontage Road will help residents of the Rose Hill private community gain access to the Rose Hill shopping center without having to access US 278, thus reducing traffic on US 278. The frontage road will connect Club Gate Drive to the rear entrance of the Publix parking lot. This frontage road will be a two-lane road, each lane will be 11 ft. wide with curb and gutter.

Project Status

Rose Hill property owners rejected the project; 84% voted against it effective January 6, 2009. Currently this project has been delayed.

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521



Project Location

APPENDIX



Beaufort County 1% Sales Tax Program Revised Budget



as of March 31, 2010

Revenue Sources	Total Expected	Collected to Date			Remaining to Collect
Sales Tax Collections:	\$152,000,000	\$76,062,217			\$75,937,783
Sales Tax Interest:	\$1,800,000	\$1,050,667			\$749,333
Sales Tax Collection Overage:	\$2,000,000	\$0			\$2,000,000
Impact Fees prior to Sales Tax:	\$3,000,000	\$2,000,001			\$999,999
ARRA Funding (US 278 Resurfacing):	\$2,211,000	\$0			\$2,211,000
US 278 Widening Federal Earmark:	\$12,800,000	\$0			\$12,800,000
Hilton Head Frontage Road Pledge*:	\$0	\$0			\$0
	\$173,811,000	\$79,112,885			\$94,698,115

*Contingent on Pledge Fulfillment of \$2.5 Million

Spending Needs

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
01 - Bluffton Parkway, Phase 5A (Roadway Section Only)	\$37,284,508	\$17,294,828	\$5,123,197	\$22,418,025	\$14,866,483
01 - Bluffton Parkway, Phase 5B					
02A - US278 (William Hilton Parkway) Resurfacing	\$6,911,000	\$4,174,331	\$0	\$4,174,331	\$2,736,669
02B - US 278 Realignment at Squire Pope Rd.	\$1,640,213	\$1,590,213	\$0	\$1,590,213	\$50,000
02C - US 278 Widening (Simmonsville Rd to SC 170) (\$12.8M Earmark being managed by SCDOT)	\$29,615,256	\$3,045,740	\$202,519	\$3,248,259	\$26,366,997
02D - US278 Frontage Rds (The Gatherings to Graves Rd)	\$5,375,944	\$1,416,466	\$357,957	\$1,774,423	\$3,601,521
02E - US 278 Street Lighting	\$117,541	\$99,824	\$17,776	\$117,600	\$0
03 - SC 170 Widening (US 278 to Bluffton Parkway)	\$16,188,562	\$1,303,174	\$1,385,609	\$2,688,783	\$13,499,779
04 - US 17 Widening (US 21 to Colleton County)	\$7,069,851	\$6,214,978	\$25,803	\$6,240,781	\$829,070
05 - US 21 (Boundary St) Improvements	\$10,948,955	\$1,097,024	\$869,426	\$1,966,450	\$8,982,505
06 - US 21 (Boundary St) Parallel Rd	\$1,197,066	\$725,438	\$471,661	\$1,197,099	\$0
07 - SC 802 Ribaut Rd (Lenor Dr to Lady's Island Dr)	\$1,131,825	\$421,564	\$530,463	\$952,027	\$179,798



Beaufort County 1% Sales Tax Program Revised Budget



as of March 31, 2010

Revenue Sources	Total Expected	Collected to Date			Remaining to Collect
Sales Tax Collections:	\$152,000,000	\$76,062,217			\$75,937,783
Sales Tax Interest:	\$1,800,000	\$1,050,667			\$749,333
Sales Tax Collection Overage:	\$2,000,000	\$0			\$2,000,000
Impact Fees prior to Sales Tax:	\$3,000,000	\$2,000,001			\$999,999
ARRA Funding (US 278 Resurfacing):	\$2,211,000	\$0			\$2,211,000
US 278 Widening Federal Earmark:	\$12,800,000	\$0			\$12,800,000
Hilton Head Frontage Road Pledge*:	\$0	\$0			\$0
	\$173,811,000	\$79,112,885			\$94,698,115

*Contingent on Pledge Fulfillment of \$2.5 Million

Spending Needs

PROJECT NUMBER AND TITLE	Budget (Anticipated Total Expenditures)	Expended FY2007 to date	Encumbered as of 3/31/2010	Expended to date + Encumbered TOTAL	Balance Available TOTAL
08 - US 21/ SC 802 (Lady's Island Dr) Widening	\$46,932,896	\$13,685,104	\$32,360,098	\$46,045,202	\$887,694
09 - Northern Beaufort Bypass	\$1,504,690	\$529,923	\$974,800	\$1,504,723	\$0
10 - SC 802 (Savannah Highway) Widening	\$7,660,388	\$2,416,685	\$4,915,260	\$7,331,945	\$328,443
	\$173,578,695	\$54,015,292	\$47,234,569	\$101,249,861	\$72,328,959

ESTIMATED CONTINGENCY:	\$232,305
TOTAL NET COLLECTIONS OVER EXPENDITURES:	\$25,097,593
NET REMAINING TO COLLECT OVER BALANCE AVAILABLE:	\$22,369,156

All data has been reviewed by the Beaufort County Chief Financial Officer.

Projects highlighted in green are under construction or complete	Projects highlighted in orange are in design
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