

Wm. Weston J. Newton, Chairman
September 16, 2004
State of the County

Good morning. I am pleased to be here today and represent your Beaufort County Council. We are all very fortunate to live in Paradise. We make our homes in one of the most beautiful and desirable locations in the United States. Before I begin I would like to introduce some fellow representatives of your county council...

As your county council chairman it is my privilege to speak for the entire council when I say that the last year has been a year of accomplishments as well as a year of challenges. But, there will always be challenges and challenges lead to progress.

One major step forward was council's unanimous selection of a new county administrator. After a thorough national search we had the good fortune of finding a man of superior qualifications. Gary Kubic was selected from 140 applicants. Mr. Kubic has 30 years of professional leadership in county government. He comes here from Ohio and brings with him an expertise in finance, contract negotiations, the law and executive level administration. Mr. Kubic has a law degree from the University of Akron and a bachelor's degree in Business Administration from Ohio State University. He came on board last December and has already recommended policies and strategies that will save taxpayer dollars. One such move – the outsourcing of human resource services – may save the county as much as 1.3 million dollars and improve health benefits to county employees. We have every confidence that Mr. Kubic will continue to fulfill the mandates of council for a more open, efficient, and citizen-friendly Beaufort County government. In an effort to expand access to our county government, Mr. Kubic has regularly scheduled office days at the government center south of Hilton Head Island. Further, our remote access capability to be available by the end of the year. This will allow citizens to interact via teleconferencing from southern Beaufort County during public hearings or public comment portion of our meetings held at the government center in Beaufort. With council's goal of greater public accessibility, our Beaufort County website has improved, and is an excellent, user-friendly source for timely information regarding meetings, projects and issues. You now can send a "citizengram" and it will be delivered to the appropriate department. I assure you – you will get a response. If not, please let me or any council member know. The website has also been fitted with what's known as "Babel Fish" – a software that will easily translate the site into your choice of eight different languages. Not only does it work well – the service is free of charge.

After four years, I am pleased to report that the Northern Beaufort County Traffic Impact Fee program is back on track and should be completed before the end of the year. County council has completed two of three required readings and Mayors Murray and Rauch have pledged to adopt the program.

Another source of pride for Beaufort County this year is the opening of the South Campus of the University of South Carolina Beaufort. USCB now offers several 4-year degree-granting programs. This – along with plans for a new TCL Campus at New River – is evidence of Beaufort County’s status as one of the finest places to live and work. Our new outlets of higher learning will provide Beaufort County citizens with new educational opportunities here at home and provide us with a better educated population, higher standards for workforce and greater resources for our businesses. Your county council is very proud of its involvement and our community’s support of these projects through the approval of the Higher Education Tax Increment Finance District – the major source of funding for these campuses. We expect this investment in higher education to benefit our children, our senior citizens and our general population. These enhanced higher educational facilities and opportunities will go a long way in helping us sustain a strong local economy and an improved quality of life.

One of the first intergovernmental land use and zoning plans of its kind was implemented this past year with the Robert Small Parkway Joint Plan which calls for controlled access and back roads and attractive design elements that will facilitate traffic flow. With the widening of 170 almost complete, we do not want to repeat the mistakes of 278.

Another great source of pride for your County Council this year is the success of the county’s Rural and Critical lands program. Thousands of valuable acres have been acquired for conservation. Three significant purchases have been made in Southern Beaufort County. In May, council approved the \$3.1 million dollar purchase of 100 acres along the Okatie River that was the site of a Yemassee Native American village known as Altamaha. The Altamaha purchase represents the preservation of one of our state’s most significant historic places and includes 1700 linear feet along the marches of the pristine Okatie River. Also in May, council approved the \$3.25 million dollar purchase of 37 acres at the corner of U.S. 278 and Pinckney Colony Road in greater Bluffton. Preservation of this parcel eliminates the possibility of hundreds of square feet of commercial development and eliminates an estimated 5,000 additional cars per day on 278. This past year council also approved the \$4,950,000 dollar purchase of a portion of the Buckwalter tract off highway 278. Known as Okatie West, this parcel includes 82.34 acres on the headwaters of the Okatie River contiguous to the 30-acre Barrell Landing tract, purchased by the county for \$2,900,000. Okatie West includes 485 feet of frontage along 278 which will be protected from commercial development. the purchase also saves the clean headwaters of the Okatie River from the effects of dense residential or commercial development and eliminates as many as 7,000 vehicle trips on 278 per day. Collectively, the land purchases along 278 have eliminated as many as 18,000 vehicle trips per day. These three sites, Okatie West, Altamaha and the Pinckney Colony Road property, will be preserved as passive parks for the citizens of our county. These lands were paid for from the \$40 million dollar bond referendum approved in November of 2000.

The Rural and Critical Lands program has taken great strides this past year through the partnership with the national non-profit organization, The Trust for Public Land. TPL has worked with the county to create a “green print” or map, depicting desirable tracts of land for preservation. This “green printing” helps us focus on citizen-identified priority parcels in a proactive way. It also offers landowners an opportunity to preserve their acreage for the public good. To date \$31-million dollars has been used to pay for the preservation of 9,523 acres in Beaufort County. Six-million of that was leveraged from private contributions. The program is especially valuable in this time of

rapid growth and development in our region. 25 of the 40 million dollar bond money has been spent preserving lands in Beaufort County and we are in the negotiation stages of purchasing other valuable parcels and hope to make some exciting announcements soon. The help of TPL has been invaluable in these acquisitions and will mean we can continue to preserve some extraordinary tracts of land for future generations. There are some “green print” maps of Beaufort County at your table – I invite you to take one home with you. It will show you how far we have come with this valuable program. We have a limited number of dollars remaining in the program and the number of projects under review exceed the amount. We will continue to work with Representative Herbkersman and lobby the legislature to authorize a county-wide transfer fee. We are also in the preliminary stages of discussing a second land-preservation bond referendum to preserve additional lands and our quality of life.

I am also pleased to report that county council and the municipalities in southern Beaufort County in conjunction with Jasper County, the school district, the Beaufort Jasper Water and Sewer Authority – to mention a few collaborative parties – will commence the Southern Regional Plan tomorrow, September 17th. We have moved beyond the conceptual state. The first steering committee meeting will be at the Bluffton Library at nine-thirty am. In short summary, the plan will focus on transportation and other public facilities, land use patterns and trend, natural assets and constraints to growth, fiscal constraints, and opportunities related to growth, such as our new 4-year university. This effort represents the commitment of ALL local governments south of the Board to work cooperatively and plan regionally. Gone are the days of planning or permitting by Beaufort County, Hilton Head or Bluffton – that impact only that jurisdiction. If we don’t plan regionally now, it will be too late. More information about future steering committee meetings and public hearings will be available at our county website... www.bcgov.net

The need for affordable housing has been an ongoing concern in Beaufort County. I am pleased to say that county council this year contracted with a lead agency – the Lowcountry Community Development Corporation – and established an affordable housing consortium charged with initiating 200 affordably housing units – either renovated existing units or newly constructed units.

Also, our mosquito control department improved its services to our citizens. It was discovered that underground storm water systems throughout the county serve as ideal breeding habitats for mosquitoes. We are now taking the necessary steps to treat these areas.

The new Hill Tech drop off center on Hilton Head Island was completed this past year. The \$410,000 trash and recycling facility is state of the art and represents local government working together.

I am also pleased about the progress this year at the Broad Creek Boat Landing. The \$12 million dollar project is a joint effort between Beaufort County and the Town of Hilton Head. We expect it to be completed by the end of the year. The boat landing is located along the Broad Creek adjacent to the Cross Island Parkway bridge and it will have 2 14-foot-wide ramps – a 230 foot pier, a 10 x 16 pierhead and a 10 x 60-foot concrete floating dock. This landing will provide much needed public access to one of our greatest Lowcountry treasures –

our waterways. These projects are just two examples of the county and town working together to improve the delivery of services to our citizens.

As you can see, your county government has made progress since I came before you at this time last year. But as I said earlier, the year has also brought challenges. In a county as culturally and economically diverse and as geographically separated as ours, one could wonder whether we share any common concerns. Let me assure you, we do. One issue that should be a major concern for all of us – both north and south of the Broad – is the threat facing our three military installations. This has nothing to do with terrorism, Iraq or Afghanistan. It's about economics. The U.S. Department of Defense has ordered another Base Realignment and Closure (BRAC) round aimed at trimming the defense budget by more than three-billion dollars. It calls for the reduction or elimination of twenty-three-percent of the nation's major military bases. This process is scheduled for completion in 2005. All three of Beaufort's installations are being evaluated for closure or realignment. If Parris Island, MCAS, and/or the Naval Hospital are selected for closure; the loss would be felt in this entire four-county region – not only in Beaufort north of the Broad, but also Hilton Head and in Bluffton as well as throughout Jasper, Hampton and Colleton counties. An economic impact study conducted by Georgia Southern University shows that if our bases are eliminated; it would mean a devastating loss of 454.4 million dollars in the demand for goods and services throughout the region. With a conservative multiplier of three, the military bases have a combined annual economic impact of 1.3 billion dollars – roughly equivalent to tourism's impact on Hilton Head. Closing would also mean the loss of well-paying military and civilian jobs that contribute to our economy. It would mean a significant reduction in our county-wide tax base resulting in deep cuts in funding for roads, parks, libraries, schools, law enforcement and many other valuable services that directly affect our quality of life. The military has also provided our county with some fine business government and civic leaders, it has given us people like retired Marine Colonel Chuck Hoelle, who is Hilton Head Island's Assistant Town Manager and Ret. Lt. Col, Skeet Von Harten, Vice Chairman of Beaufort County Council and Hilton Head's distinguished Major General Howard Davis. It has given us uncountable friends and neighbors whose contributions to our communities have been invaluable. Many of our retired military residents were once on active duty at local bases. They chose to return or remain here after retirement. They build homes, buy cars and boats, visit local doctors, dentists, shops and grocers and they pay property taxes. Our retired military population is one of Beaufort County's most valuable assets. Beaufort's military bases help provide the tax base for things that benefit everyone...residents, visitors, marines, sailors alike. This includes much needed highway improvements that also benefit tourism – and systems of higher education – such as the South Campus of USCB and the planned TCL campus. On August 23, Beaufort County Council released the remaining \$217,000 to the Military Enhancement committee – the lead agency in the effort to retain our local bases. This investment of local tax dollars will return to us ten-fold or more. It is clear that the military is good for Beaufort County, but we must convince Washington that Beaufort County continues to be good for the military. We do that by showing our support in many ways. Ten days ago Mayors Murray, Rauch and I joined the MEC at the Pentagon to reassure the military of local government's commitment to the bases and to protect them from further encroachment. Our combined local monetary contribution – totaling almost 300,000 from the county, the City of Beaufort and Towns of Port Royal and Hilton Head Island – is just part of the proof of our commitment. More community support and funding is needed. Please make no mistake that this threat is genuine – both north and south of the broad. I urge

your support of the MEC in helping retain our bases. To find out more about how you can help, visit the MEC website at www.beaufortmec.net. I have also brought some MEC brochures today. I encourage you to read them and take one with you.

'04 has been a year of implementing the state-mandated five-year Reappraisal/Reassessment of all real property. This – in and of itself – is a challenge. However there is a bill passed by the legislature sitting on the governor's desk that would cap property valuation increases at twenty-percent, but the bill has not been signed and we don't know what the governor intends to do – or when he may do it. If it becomes law after tax bills go out, there will be many more challenges for Beaufort County, including refunds, re-billing, and significant revenue short falls requiring the county, municipalities, school district and fire districts to borrow funds to continue operations next year. We have prepared a dual track for tax bills in the event the governor signs the legislation before tax bills are mailed. There has been a lot of confusion about reassessment. Statements that property values increased 73% have contributed to this confusion. Collectively, all real property has increased 73%, but a number of factors including collection rates, appeals, no growth in personal property, new growth and TIFs erode the 73% to an effective increase of approximately 25% of which establishes the millage roll back. Please know that the rate of increase in the value of your home does NOT mean a revenue windfall for Beaufort County. Millage rates were rolled back to prevent that. However, many people living in certain properties will see a sharp increase in their taxes because of the state mandated reassessment. Property values are based on market sale of comparable homes in your neighborhoods. This is the first reassessment in six years and market values have increased significantly. Since 1998, the average annual increase has been 14-percent per year. Residential reappraisal notices have been mailed but property tax bills have not. The county website has the formula for figuring your property tax. Follow the links to reassessment. The site has information on appealing your reassessment if you believe it's in error, and I encourage you to avail yourself of this appeal process. Reassessment has had a confiscatory effect on some folks whose tax bills have gone from 5 to 25, 30 or even 40 thousand dollars a year. The long-term solution is for local governments and school districts to become less reliant on property taxes. Sixty-percent or two-thirds of your individual county tax bills fund public education and the state education funding formulas penalize Beaufort schools because of the increase in property values. I believe that tax dollars would be better spent working on state-wide education funding reform than responding to fiscal autonomy challenges brought by the school district. And I am hopeful we can work together to pursue reform.

This brings us to an ongoing challenge – infrastructure deficiencies and finding a way to pay for badly needed road improvements without leaning any harder on property owners. This problem is not unique to Beaufort County. As the State of South Carolina continues to wrestle with budget shortfalls and is unable to pay for local highway needs – many county governments across the state are seeking new ways to fund their roadway improvements. So far, the citizens in the counties of Aiken, Dillon, Chester, Jasper, Newberry, Orangeburg, McCormick and York have enacted a one-cent Capital Projects Sales Tax. Beaufort and several other counties in the state are proceeding with a ballot measure this November. If the referendum passes it would mean much needed improvement on our local roads and highways. Lives would be saved; productivity would increase as congestion decreases. In simple terms, quality of life would be preserved and protected through this penny tax – the majority of which – would be paid for by visitors. The unfortunately high accident rate in Beaufort County would drop. How many tourists want to drive back to our region after maneuvering our local highways? They will

continue to come, but will they return? How many qualified workers want to traverse the deadly commute on and off Hilton Head Island? And how many of us – and our loved ones – would be safer on our roads? After the referendum question was rejected by voters in 2002, Beaufort County – following consultation with all the municipalities – elected to proceed with a different method of proposing this type of infrastructure funding. The county elected to establish a capital project sales tax commission – a dynamic 6-member commission appointed by both the county and the municipalities to identify and prioritize road projects and develop the referendum question. We were very pleased to have the leadership of Paula Harper Bethea, Colden Batty, Dot Gnann, Bruce Fairchild, Robert Vaux, and Alice Wright, who studied the matter and – after many public hearings and meetings over many months -- made the valuable recommendation which will appear on the ballot in November. Unlike 2002, all local governments in Beaufort County have endorsed and support this initiative. Among the projects identified for funding were several safety improvements for Hilton Head and Bluffton including 278 mainland and on the island, realignment of the intersection at William Hilton Parkway and Squire Pope Road, 4-lane expansion of Buckwalter Parkway and completion of Bluffton Parkway to highway 170, the widening of Burnt Church Road and the acquisition of open space along 278. These are just some of the important improvements proposed. There are many other critical projects. A list of them is included in the sales tax informational brochures left for you at your table. Please take one home and review it along with a list of some frequently asked questions, or you can visit the county website at www.bcgov.net. County council cannot express its gratitude and appreciation to the six citizens on this commission for their invaluable services. Although we continue to lobby both state and U.S. officials – no other funding source is available to address many of the identified infrastructure deficiencies. I personally support this Penny Sales Tax referendum and encouraging all of you to review the project list and FAQ's in the brochure and make an informed decision on November 2nd.

Finally, I am pleased today to report exciting news regarding 278 long term solutions. The South Carolina Department of Transportation has received an innovative proposal for a public-private partnership to construct express lanes on 278 from 170 to the bridges to Hilton Head. This 9-mile stretch could be constructed primarily in the existing right of way and funded by tolls or even matching funds if the penny is passed. This could also mean bridge improvements over the waterway to the island. DOT is evaluating the proposal and will be formally discussing it with the Beaufort Transportation Advisory Group next month. This proposal could make the 13-million dollar widening project unnecessary and spend these funds before exploring the proposal would be wasteful. Accordingly, DOT will be delaying the bidding of the 28 widening project until November pending further evaluation of the express lane and funding proposal. I am encouraged by this news and look forward to learning more about this.

Thank you again for the opportunity to come before you today and to serve as your county council chairman.