



**2012 REFERENDUM TO AUTHORIZE A
BOND ISSUE IN THE AMOUNT OF NOT MORE THAN
\$25,000,000.00
TO CONTINUE THE
BEAUFORT COUNTY, SOUTH CAROLINA
RURAL AND CRITICAL LAND
PRESERVATION PROGRAM**

**County Council of Beaufort County
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COUNTY COUNCIL OF BEAUFORT COUNTY

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BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

JOSHUA A. GRUBER
STAFF ATTORNEY

January 25, 2012

Mr. T. Christian Herren, Jr.
Chief, Voting Section
Civil Rights Division,
Room 7524- NWB
United States Department of Justice,
950 Pennsylvania Ave. NW
Washington, DC 20530

RE: Submission Under Section 5 of the Voting Rights Act

In Re: County-Wide General Election Referendum Question
Authorizing a bond issue in the amount of not more the Twenty-Five Million
(\$25,000,000) Dollars in order to continue the Beaufort County Rural and Critical Land
Preservation Program.

Dear Mr. Perez:

The purpose of this submission is to obtain pre-clearance pursuant to Section 5 of the Voting Rights Act regarding a proposed county-wide referendum scheduled for Tuesday, November 6, 2012. The question proposed to be submitted would authorize the County of Beaufort, South Carolina, to issue general obligation bonds in an amount not to exceed Twenty-Five Million (\$25,000,000) Dollars for the purpose of continuing the Beaufort County Rural and Critical Land Preservation Program.

I. SUBMITTED DOCUMENTS

In support of this pre-clearance request, Beaufort County hereby submits the following documents:

1. Beaufort County Ordinance No. 2011/39: Authorizing the Placement of a Question on the Official Ballot for the 2012 General Election authorizing Beaufort County to issue general obligation bonds for the purpose of acquiring lands for preservation and paying certain costs and debts serve related thereto. **Exhibit 1.**

2. S.C. Constitution: A copy of Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, (the "Constitution"). **Exhibit 2.**
3. S.C. Code of Laws: A copy of Title 11, Chapter 27, Section 40, Code of Laws of South Carolina, 1976, as amended, (the "Code"). **Exhibit 3.**
4. County Rural and Critical Land Preservation: A copy of Ordinance 2006/2 (the "Rural and Critical Lands Preservation") which, *inter alia*, established the Rural and Critical Lands Preservation Program. **Exhibit 4.**
5. County Council Committee Minutes: May 10, 2010; May 14, 2010; June 7, 2010; July 19, 2010; March 14, 2011; July 18, 2011; September 19, 2011; October 10, 2011. **Exhibit 5.**
6. County Council Minutes: May 24, 2010; July 25, 2011; October 24, 2011; November 14, 2011; November 28, 2011. **Exhibit 6.**
7. **Other Publicity**: Copies of various newspaper articles that appeared in newspapers of general circulation in Beaufort County, South Carolina are attached. **Exhibit 7.**
8. **DVD recordings of all pertinent County Council Committee meetings and County Council meetings.** **Exhibit 8.**
8. **Minority Contacts**: The following persons have agreed to serve as "minority contacts."

Mr. Herbert Glaze
P.O. Box 4053
Burton, SC 29903
(843) 846-2845

Mr. Gerald Dawson
64-A Horace Dawson Lane
Seabrook, SC 29940
(843) 846-6884

Mr. William McBride
P.O. Box 77
St. Helena Island, SC 29920
(843) 838-2264

Mr. Bryan Hill
P.O. Box 1223
Beaufort, SC 29901
(843) 255-2055

II. SUBMITTED STATEMENTS

In support of this pre-clearance request, Beaufort County affirmatively states and submits the following: (1) the referendum in question has not yet been held, enforced or administered; (2) there is no past or pending litigation regarding the referendum; and (3) the referendum is authorized to be conducted by the South Carolina Constitution and the South Carolina Code of Laws.

III. SUBMITTED EXPLANATORY INFORMATION

In further support of this pre-clearance request, Beaufort County submits the following explanatory information.

Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, provides that Counties of the State shall have the power to incur bonded indebtedness in such a manner and upon such terms and conditions as the General Assembly may have heretofore or may hereinafter subscribe. See Exhibit 1. The Council is the county governing body of the County of Beaufort, South Carolina.

Article X, Section 14, subsection (6) of the Constitution provides that if general obligation debt is authorized by a majority vote of the qualified electors of the County voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of the indebtedness except, (i) those restrictions and limitations imposed in the authorization to incur such indebtedness; (ii) such general obligation debt shall be issued within five years of the date of the referendum; and (iii) general obligation debt may be incurred only for a purpose which is a public purpose and which is a corporate purpose of the County and such debt shall mature within 40 years from the time such indebtedness shall be incurred.

The provisions of Title 11, Chapter 27, Section 40, Code of Laws of South Carolina, 1976, as amended, empower the County Council to order an such referendum as is required by Article X of the Constitution, to prescribe the notice thereof and to conduct or cause to be conducted such referendum in the manner prescribed by Title 7, Code of Laws of South Carolina, 1976.

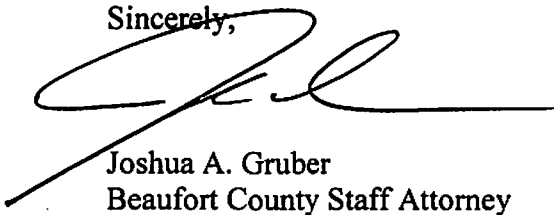
In accordance with the procedure set forth in the Constitution and the Code, the Beaufort County Council passed an Ordinance to place a bond referendum question on the ballot of the general election to be held November 6, 2012. The Ordinance was duly introduced, read three times with a public hearing conducted at the third reading, and was passed by the Council.

IV. CONCLUSION

I believe that based upon the forgoing information that has been included in this submission, and the corresponding documentation that has been attached and incorporated by reference hereto, that Beaufort County has met the burden necessary to receive pre-clearance of Beaufort County Ordinance No. 2011/39.

Please do not hesitate to contact me if there are any other items or information necessary to receive pre-clearance of this referendum.

Sincerely,



Joshua A. Gruber
Beaufort County Staff Attorney

Enc.: as stated

cc: Beaufort County Council Members
Beaufort County Board of Elections and Voter Registration Members
Mr. Gary Kubic, Beaufort County Administrator
Beaufort County Rural and Critical Lands Preservation Board
Mr. Scott Marshall, Executive Director
Beaufort County Board of Elections and Voter Registration

ORDINANCE NO. 2011 / 39

AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO.

WHEREAS, Beaufort County has experienced a very high rate of growth during the last decade and the Beaufort County Council recognizes the need to preserve land that has scenic, natural, recreational, rural, and open space character which is deemed essential to the County's quality of life; and

WHEREAS, Beaufort County has created a citizen advisory committee known as the Beaufort County Rural and Critical Lands Preservation Board for the purpose of identifying and evaluating potential lands for preservation based upon an official criteria and ranking system established for the County; and

WHEREAS, the Beaufort County Rural and Critical Lands Preservation Board has requested that the County conduct a referendum that if favorably approved by the citizens of Beaufort County, would allocate 1 mill in ad valorem taxes for the express purpose of continuing the acquisition of lands for conservation and recreation purposes; and

WHEREAS, the Beaufort County Rural and Critical Lands Preservation Board has additionally requested that an amount not to exceed twenty percent (20%) of the total amounts borrowed under this referendum be allowed for use in the making of improvements, outside the scope of general property maintenance, to those lands which have been acquired by the County under previous rural and critical lands programs and all such lands acquired under this current proposed borrowing; and

WHEREAS, Policy 8 under the Transportation Programs section of the Beaufort County Comprehensive Plan recognizes the fact that portions of the County's roadway system's long term capacity is constrained and additional roadway infrastructure cannot resolve all of the county's roadway capacity problems; and

WHEREAS, Beaufort County forecasts the that a levy of 1 mill as requested by the Beaufort County Rural and Critical Lands Preservation will raise sufficient revenue to finance the issuance of \$25,000,000 in general obligation bonds; and

WHEREAS, it is the intent of Beaufort County Council that at the time of this borrowing, the anticipated repayment shall never exceed more than 1 mill

WHEREAS, the purposes of the bond proceeds are to provide for and protect natural areas and

open space, to protect water quality from harmful effects of over-development, to preserve land for recreational activities, to alleviate traffic congestion, to preserve farm and forest land, to preserve the rural character of Beaufort County and to protect other environmentally sensitive areas such as wetlands, marsh lands and headwater areas;

NOW, THEREFORE, BE IT RESOLVED by the Beaufort County Council that pursuant to the provisions of Section 4-9-30, *et seq.* of the *Code of Laws of South Carolina*, 1976, as amended, the Beaufort County Council hereby directs the Beaufort County Board of Elections and Registration to print on the official ballot to be used in the General Election to be held on November 6, 2012 the following public question:

OFFICIAL BALLOT. REFERENDUM
GENERAL OBLIGATION BONDS. NOT TO EXCEED \$25,000,000
FOR LAND PRESERVATION TO PROTECT NATURAL LAND, FARMLAND AND
WATER QUALITY AND TO ALLEVIATE TRAFFIC CONGESTION
NOVEMBER 6, 2012

“Shall Beaufort County, South Carolina issue general obligation bonds, not to exceed \$25,000,000, representing a borrowing that at no time shall exceed 1 mill in debt service repayment, for the purpose of land preservation, by purchasing open land, development rights and conservation easements in all areas of Beaufort County, in order to alleviate traffic congestion in high growth areas and to protect water quality, natural lands, wildlife areas, farmland, parkland, recreational areas, coastal areas, rivers and wetlands, provided that all expenditures shall be prioritized based upon an official criteria and ranking system established for the County, and subject to an annual independent audit and provide that an amount, not to exceed twenty percent (20%) of the amount borrowed may be spent on improvements, outside the scope of general property maintenance, to those lands which have been acquired by Beaufort County, South Carolina under previous rural and critical lands programs and all such lands acquired under this current proposed borrowing?”

If the voter wishes to vote in favor of the question, place a check or cross mark in the square after the words “In favor of the question”; if the voter wishes to vote against the question, place a check or cross mark in the square after the words “Opposed to the question.”

YES In favor of the question | |
NO Opposed to the question | |”

If this question is approved, then Beaufort County will be authorized to issue general obligation bonds in an amount not to exceed \$25 million. The bond funds will allow Beaufort County to continue to preserve open land as well as making improvements to such lands. Bond funds may be used only for the purposes stated in the ballot question. None of the funds may be used for any other purpose, or for administrative expenses of Beaufort County. However, the County shall be permitted to expend bond funds to engage a qualifying organization(s) in the management of the Beaufort County Rural and Critical Lands Preservation Program. An annual audit will verify that the funds are used as required by law.

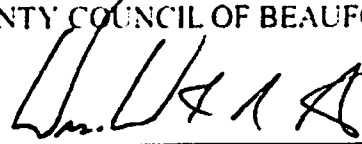
BE IT FURTHER RESOLVED that certified copies of this Ordinance be forwarded to the Beaufort County Board of Elections and Registration, Clerk of Beaufort County, Mayors and Clerks of Beaufort County municipalities, State legislators, Beaufort County Council, Director of Finance, Planning Director, Director of Parks and Recreation, County Auditor, and the Chairman of the

Beaufort County Rural and Critical Land Preservation Board.

Adopted this 28th day of November, 2011.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY:



Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:



Joshua A. Gruber, County Attorney

ATTEST:



Suzanne M. Rainey, Clerk to Council

First Reading: October 24, 2011

Second Reading: November 14, 2011

Public Hearing: November 28, 2011

Third and Final Reading: November 28, 2011

ARTICLE X.

FINANCE, TAXATION, AND BONDED DEBT

SECTION 14. Bonded indebtedness of political subdivisions.

(1) For the purposes of this section, the term "political subdivisions" shall mean the counties of the State, the incorporated municipalities of the State, and special purpose districts, including special purpose districts which are located in more than one county or which are comprised of one or more counties. The term does not include regional planning agencies which are expressly forbidden to incur general obligation debt.

(2) The political subdivisions of the State shall have the power to incur bonded indebtedness in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law within the limitations set forth in this section and Section 12 of this article.

Such political subdivisions shall have the power to incur indebtedness in the following categories and in no others:

(a) General obligation debt; and

(b) Indebtedness payable only from a revenue-producing project or from a special source as provided in subsection (10) of this section.

(3) "General obligation debt" shall mean any indebtedness of the political subdivision which shall be secured in whole or in part by a pledge of its full faith, credit and taxing power.

(4) General obligation debt may be incurred only for a purpose which is a public purpose and which is a corporate purpose of the applicable political subdivision. The power to incur general obligation debt shall include general obligation debt incurred by counties within the limitations prescribed by Section 12 of this article, and general obligation debt incurred by any political subdivision for purposes permitted by Section 13 of Article VIII of this Constitution. All general obligation debt shall mature within forty years from the time such indebtedness shall be incurred.

(5) No general obligation debt shall be incurred by any political subdivision unless prior to the delivery thereof a schedule showing the date and the principal and interest payments to become due thereon shall be filed in the office of the State Treasurer. If at any time any political subdivision shall fail to effect the punctual payment of the principal or interest on its general obligation debt, then, in such instance, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due. Any and all appropriations for political subdivisions of the State shall be subject to the provisions of this subsection.

(6) If general obligation debt be authorized by a majority vote of the qualified electors of the political subdivision voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except:

(a) those restrictions and limitations imposed in the authorization to incur such indebtedness;

(b) the provisions of subsection (4) hereof; and

(c) such general obligation debt shall be issued within five years of the date of such referendum.

(7) Subject to the provisions of subsection (4) of this section and on such terms and provisions as the General Assembly may, by general law, prescribe, general obligation debt may also be incurred by the governing body of each political subdivision:

(a) For any of its corporate purposes in an amount not exceeding eight percent of the assessed value of all taxable property of such political subdivision; or

(b) General obligation debt incurred pursuant to and within the limitations prescribed by Section 12 of this article.

In determining the debt limitations imposed by the provisions of subsection (7) of this section, bonded indebtedness incurred pursuant to the authorizations of subsection (6), bonded indebtedness existing on the date of this section becomes a part of the Constitution in 1977, and bonded indebtedness incurred pursuant to subsection (b) of this section, shall not be considered.

(8) General obligation debt may also be incurred in anticipation in the collection of ad valorem taxes or licenses (tax anticipation notes) under such terms and conditions as the General Assembly may prescribe by general law. Such tax anticipation notes shall be secured by a pledge of such taxes or license fees and a pledge of the full faith, credit and taxing power of the political subdivision. All tax anticipation notes shall be expressed to mature not later than ninety days from the date as of which such taxes or license fees may be paid without penalty.

(9) General obligation notes may also be issued in anticipation of the proceeds of general obligation bonds which may be lawfully issued (bond anticipation notes) under such terms and conditions that the General Assembly may prescribe by general law. Such bond anticipation notes shall be secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit and taxing power of the political subdivision.

Bond anticipation notes shall be expressed to mature not later than one year following the date of issuance, but if the General Assembly shall so authorize by law, bond anticipation notes may be refunded or renewed.

(10) Indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license, may be issued upon such terms and conditions as the General Assembly may prescribe by general law; provided, that the General Assembly may authorize by general law that indebtedness for the purpose of redevelopment within incorporated municipalities and counties may be incurred, and that the debt service of such indebtedness be provided from the added increments of tax revenues to result from any such project. Any and all indebtedness incurred pursuant to the provisions of this subsection shall contain a statement on the face thereof specifying the sources from which payment is to be made and shall state that the full faith, credit, and taxing powers are not pledged therefor. (1976 (59) 2217; 1977 (60) 90; 1999 Act No. 11.)

Title 11 - Public Finance

CHAPTER 27.

EFFECT OF NEW ARTICLE X OF CONSTITUTION ON BONDED AND OTHER TYPES OF INDEBTEDNESS

SECTION 11-27-40. Effect of New Article X on bonds of political subdivisions.

The governing body of each of the political subdivisions of the State shall be empowered to incur general obligation debt for their respective political subdivisions as permitted by Section 14, New Article X and in accordance with its provisions and limitations. All laws shall continue in force and effect after the ratification date, but each of such laws is amended as follows:

1. If no election be prescribed in such law and an election is required by New Article X, then in every such instance, a majority vote of the qualified electors of the political subdivision voting in the referendum herein authorized is declared a condition precedent to the issuance of bonds pursuant to such law. The governing body of each of the political subdivisions shall be empowered to order any such referendum as is required by New Article X or any other provision of the Constitution, to prescribe the notice thereof and to conduct or cause such referendum to be conducted in the manner prescribed by Title 7, Code of Laws of South Carolina, 1976.

2. If an election be prescribed by the provisions of such law, but is not required by the provisions of New Article X, then in every such instance, no election need be held (notwithstanding the requirement therefor in such law) and the remaining provisions of such law shall constitute a full and complete authorization to issue bond in accordance with such remaining provisions.

3. If a statutory debt limitation be prescribed by any such law, then in lieu thereof, the debt limitation shall be that resulting from the provisions of Section 14, New Article X.

4. Notwithstanding any contrary provision in any law, any issue of general obligation bonds maturing not later than ten years from their date of issuance and in the amount of not exceeding one million five hundred thousand dollars may be sold at private sale and without advertisement, if not less than seven days prior to their delivery, notice of intention to sell such bonds at private sale shall be given by publication in a newspaper of general circulation in such political subdivision. Such notice shall set forth the purchaser, the purchase price, interest rates, and maturity schedule of such bonds.

5. As permitted by paragraph 8, Section 14 of New Article X, all political subdivisions are authorized and empowered to incur general obligation debt in anticipation of the collection of ad valorem taxes or licenses (tax anticipation notes). Tax anticipation notes shall be expressed to mature not later than ninety days from the date on which such taxes or license fees may be paid without penalty. In the case of counties and incorporated municipalities, tax anticipation notes shall be issued pursuant to an ordinance adopted in the manner provided by law. In the case of any special purpose district, tax anticipation notes may be authorized by a resolution of its governing body but such action shall be authorized, approved, or ratified by an ordinance of the governing body or governing bodies (as the case may be) of the county or counties wherein such special purpose district is situate. The provisions of this item shall take effect upon May 30, 1977.

6. The provisions of Chapter 17, Title 11, relating to the issuance of bond anticipation notes, shall continue in force and effect after the ratification with respect to all political subdivisions and the governing body of each political subdivision is hereby authorized and empowered to issue bond anticipation notes pursuant to and in accordance with the provisions of that chapter and the limitations imposed by paragraph 9, Section 14 of New Article X.

7. All laws now in force permitting any political subdivisions to incur indebtedness (and to issue bonds or other evidences of debt) which shall be payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license, shall continue in force and effect after the ratification date. Evidences of such indebtedness shall contain a statement on the face thereof specifying the sources from which payment is to be made and shall state that

the full faith, credit, and taxing powers of the issuer are not pledged therefor.

Any law containing any provisions inconsistent herewith (including Chapter 19, Title 11, as amended) is herewith amended by the removal therefrom of such inconsistent provisions.

8. The initiative and referendum provisions contained in Article 13, Chapter 9, Title 4 and Chapter 17, Title 5 of the 1976 Code shall not be applicable to any other ordinance authorizing the issuance of general obligation bonds unless a notice, signed by not less than five qualified electors, of the intention to seek a referendum, be filed both in the office of the clerk of court of the county wherein such political subdivision is situate and with the clerk or other recording officer of the political subdivision. Such notices of intention to seek a referendum shall be so filed within twenty days following the publication by the governing body of the political subdivision of notice in a newspaper of general circulation in such political subdivision of the adoption of such ordinance.

9. Notwithstanding any other provision of law, a political subdivision may issue general obligation bonds in accordance with one or more of the following provisions:

(a) The principal amount of the bonds maturing in a given year shall be in an amount as prescribed by the governing body of the political subdivision. The first maturing bonds of an issue shall mature within five years from the date on which they are issued; and no bond shall mature later than thirty years from the date on which it is issued.

(b) The bonds shall be sold at public sale, after advertisement of the sale in a newspaper having general circulation in the State or in a financial publication published in the City of New York. The advertisement must appear not less than seven days prior to the date set for the sale. The advertisement may set as a sale date a fixed date not less than seven days following publication, or the advertisement may advise that the sale date will be at least seven days following the date of publication. If a fixed date of sale is not set forth in the notice of sale published in accordance with this subitem, the date selected for the receipt of bids must be disseminated via an electronic information service at least forty-eight hours prior to the time set for the receipt of bids. If a fixed date of sale is set forth in the notice of sale, it may be modified by notice disseminated via an electronic information service at least forty-eight hours prior to the time set for the receipt of bids on the modified date of sale. No bonds may be sold pursuant to this subitem on a date that is more than sixty days after the date of the most recent publication of the notice of sale. Bids for the purchase of bonds may be received in such form as determined by the governing body of the issuer.

(c) The bonds may be disposed of at private sale if there are no bids received or if all bids are rejected. The provisions of this section shall not prevent a sale at private sale to the United States of America or any agency thereof.

(d) Bonds issued pursuant to this section may be issued with a provision for their redemption prior to their maturity at par and accrued interest, plus such redemption premium as may be prescribed by the governing body of the issuer, but no bond shall be redeemable before maturity unless it contains a statement to that effect. In the proceedings authorizing the issuance of the bonds, provisions shall be made specifying the manner of call and the notice that must be given.

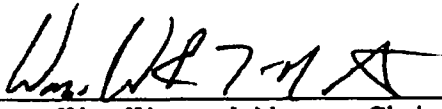
2006/2

AN ORDINANCE OF THE COUNTY OF BEAUFORT, SOUTH CAROLINA, TO AMEND ARTICLE III, RURAL AND CRITICAL LANDS PRESERVATION ORDINANCE.


Whereas, Standards that are underscored shall be added text and Standards ~~lined through~~ shall be deleted text.

Adopted this 9th day of January, 2006.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: 
Wm. Weston J. Newton, Chairman

APPROVED AS TO FORM:


Kelly J. Golden, Staff Attorney

ATTEST:


Suzanne M. Rainey, Clerk to Council

First Reading: November 28, 2005
Second Reading: December 12, 2005
Public Hearing: January 9, 2006
Third and Final Reading: January 9, 2006

(Amending 99/19)

ARTICLE III. RURAL AND CRITICAL LANDS PRESERVATION

DIVISION 1. GENERALLY

Sec. 94-61. Title.

This article shall be known as the Rural and Critical Lands Preservation Ordinance.

(Ord. No. 99-19, § 1, 7-26-1999)

Sec. 94-62. Declaration of purpose.

It is the purpose of this article to:

- (1) Provide a means by which rural and critical lands may be protected and enhanced as economic and environmental resources of major importance;
- (2) ~~Provide a means whereby private rural landowners can maintain and preserve the rural character of their land;~~ Encourage landowners to make a voluntary longterm commitment to rural and critical land protection by offering landowners financial incentives and security of land use;
- (3) ~~Encourage landowners to make a voluntary longterm commitment to rural and critical land protection by offering landowners financial incentives and security of land use;~~ Preserve open space and protect critical and natural resources;
- (4) ~~Protect lands in rural service areas and resource conservation areas from incompatible uses that may render rural uses, such as agriculture and forestry operations, nonviable;~~ Leverage state, federal, local, and private conservation efforts and development rights purchase funds and protect the investment of taxpayers in purchased and donated conservation easements;
- (5) ~~Reduce and defer the need for major urban infrastructure improvements in the rural areas of the county and the expenditure of public funds for such improvements;~~ Provide a means whereby rural landowners can maintain and preserve the rural character of their land through land conservation;
- (6) ~~Preserve open space and protect critical and natural resources;~~ Provide compensation to landowners in exchange for their relinquishment of the right to develop their private property;
- (7) ~~Provide compensation to landowners in exchange for their relinquishment of the right to develop their private property; and~~ Reduce and defer the need for major urban infrastructure improvements in the rural areas of the county and the expenditure of public funds for such improvements through land conservation;

~~(8) Leverage state, federal, local, and private conservation efforts and development rights purchase funds and protect the investment of taxpayers in purchased and donated conservation easements. Provide for the purchase of fee simple interests in lands deemed critical to provide for the protection of the natural resources, historic and cultural significance, regional or local passive-recreation potential, viewsapes or lands suitable for public use; and~~

~~(9) Provide for purchase of fee simple interest in lands threatened by development, which if it occurs will have detrimental effects on land use patterns, traffic, storm water runoff, water quality or other conservation objectives.~~

(Ord. No. 99-19, § 2, 7-26-1999)

Sec. 94-63. Findings.

For the purposes of this article, the county council finds as follows:

~~(1) It is the declared policy of the county to provide a voluntary program to permanently protect rural lands; Rural and critical lands in many parts of the county are under significant development pressure from expanding urban areas.~~

~~(2) It is the policy of the county that rural lands are valued natural and ecological resources which provide needed open space for wildlife habitat, clean air, clean water, groundwater recharge, and protection of cultural resources; This urban pressure takes the form of scattered development in wide belts around urban areas, and brings conflicting land uses into juxtaposition, creates high costs for public services, and stimulates land speculation;~~

~~(3) Rural lands in many parts of the county are under significant development pressure from expanding urban areas; Many of the rural and critical lands in the county are in jeopardy of being lost due to these activities;~~

~~(4) This urban pressure takes the form of scattered development in wide belts around urban areas, and brings conflicting land uses into juxtaposition, creates high costs for public services, and stimulates land speculation; These rural and critical lands constitute unique and irreplaceable land resources of countywide importance;~~

~~(5) Many of the rural lands in the county are in jeopardy of being lost due to these activities; There are additional critical lands which are also valued natural and ecological resources which provide open space for wildlife habitat, clean air, clean water, groundwater recharge, and protection of cultural resources.~~

~~(6) These rural lands constitute unique and irreplaceable land resources of countywide importance; and It is the declared policy of the county to provide a voluntary program to acquire or otherwise permanently protect rural lands and other lands containing critical natural, cultural and historic resources;~~

~~(7) There are additional critical lands which are also valued natural and ecological resources which provide open space for wildlife habitat, clean air, clean water, groundwater recharge, and protection of cultural resources. It is the policy of the county that rural and critical lands are valued natural and ecological resources which provide certain needed open space for wildlife habitat, clean air, clean water, groundwater recharge, and protection of historic and cultural resources; and~~

(8) It is the policy of the county to provide opportunities, through acquisition of development rights or conservation easements, to offer opportunities to landowners to protect agricultural lands so that they may continue to farm the land, as well as to acquire such rights to protect other parcels where the landowner wishes to retain an ownership interest.

(Ord. No. 99-19, § 3, 7-26-1999)

Sec. 94-64. Definitions.

(a) The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

~~Active farmer means a landowner or operator of land who manages the production of agricultural or forest crops.~~

Conservation easement means a nonpossessory interest in land, the terms of which restrict or prevent development or improvement of the land.

Critical lands means any lots, tracts, parcels or areas, ~~in addition to rural lands,~~ within the county that possess unique, significant, or important characteristics as may be identified by the Beaufort Council Rural and Critical Lands Preservation Board and subject to final approval by the county council. Unique, significant, or important characteristics include but are not limited to protection of cultural and historic resources and sites, the potential for ~~commercial or~~ medium to high density development, the ability to use the land for walking or cycling trails, the ability to use the land for public access to waterways, the ability of the land to be used for the preservation of public views of waterways or other scenic vistas, the quality of the land for purposes of a wildlife sanctuary, or such other and further characteristics which may be used to further the goals of the council.

Development right means the right to legally develop or subdivide property under current county codes and ordinances. The term includes but is not limited to the right to develop property for any commercial, industrial or residential use except as expressly permitted by this article and as further defined by article VIII of chapter 106 pertaining to zoning and development standards, as adopted and amended by the county council.

~~Fiscal year means the fiscal year of the county.~~

~~*Fund* means the county land preservation fund as established by the county.~~

~~*Joint ownership* means joint tenancy in a conservation easement purchase as the interests of the parties appear.~~

~~*Land preservation board* means a board established to oversee this article; also known as the county rural and critical land preservation board.~~

~~*Land trust* means a conservation organization which meets the requirements of Internal Revenue Code section 170 and which is active in conservation efforts in the county.~~

~~*Landowner* means the record owner(s) of the land or the authorized contract purchaser of the land.~~

~~*Market value* means the price as of the valuation date for the highest and best use of the property which a willing and informed seller who is not obligated to sell would accept for the property and which a willing and informed buyer who is not obligated to buy would pay for the property.~~

~~*Resource conservation area* means those areas of land in the county designated as "resource conservation areas" on the official zoning map of the county, as adopted and amended by the county council.~~

~~*Rural land* means those areas designated as rural service areas and resource conservation areas as defined in this article. that are zoned for agricultural or farming uses, or which are being used, or which have the ability to be used, for such purposes.~~

~~*Rural landowner* means the landowner of a parcel located in the rural service areas or resource conservation areas of the county who also maintains a principal residence in the county.~~

~~*Rural service areas* means those areas of land in the county designated as "rural service areas" on the official zoning map of the county, as adopted and amended by county council.~~

~~(b) Any terms left undefined by this section shall take the meanings as otherwise defined by the county zoning and development standards in chapter 106, as adopted and amended by the county council. If there are conflicting meanings, the definitions of this section shall control.~~

(Ord. No. 99-19, § 4, 7-26-1999)

Cross references: Definitions generally, § 1-2.

Secs. 94-65--94-90. Reserved.

DIVISION 2. COUNTY RURAL AND CRITICAL LANDS PRESERVATION BOARD*

***Cross references:** Boards and commissions, § 2-191 et seq.

Sec. 94-91. Appointment.

An 11-member county rural and critical land preservation board shall be appointed by the county council. One member shall be appointed from each of the 11 county council districts. (Ord. No. 99-19, § 5(1), 7-26-1999; Ord. No. 2003-22, § 1, 8-25-2003)

Sec. 94-92. ~~Chairman.~~ Officers.

The county rural and critical land preservation board shall elect annually one member of the ~~land preservation board to serve as chairman of the board~~ and one member to serve as vice chairman.

(Ord. No. 99-19, § 5(2), 7-26-1999)

Cross references: Officers and employees, § 2-56 et seq.

Sec. 94-93. Terms.

~~The term of the initial rural landowner appointees to the county rural and critical land preservation board is for three years; and the initial term of all other members is for one year.~~ The terms of the initial appointees to the county rural and critical land preservation board shall coincide with the expiration of the term of the county council district representative who serves the district which the appointee has been selected to represent. Thereafter, all members shall be appointed for four-year terms. A vacancy in the membership must be filled for the unexpired term in the same manner as the initial appointment. The membership is subject to division 1 of article V of chapter 2 of this Code regulating boards and commissions and appointments thereto as well as the county template ordinance.

(Ord. No. 99-19, § 5(2), 7-26-1999)

Sec. 94-94. Compensation.

Members of the county rural and critical land preservation board shall serve without salary, but the county council shall entitle each member to reimbursement for his actual and necessary mileage ~~reimbursement~~ expenses incurred in the performance of his official duties.

(Ord. No. 99-19, § 5(3), 7-26-1999)

Sec. 94-95. Conflicts of interest.

No member of the county rural and critical land preservation board shall be disqualified by reason of his membership from selling any parcel or the development rights of any parcel in which he has a financial interest, but any member with a direct or indirect financial interest in such parcel shall recuse himself from any board vote, discussion, or decision regarding such parcel.

(Ord. No. 99-19, § 5(4), 7-26-1999)

Sec. 94-96. Rules of procedure.

The county rural and critical land preservation board shall promulgate procedures necessary to promote the efficient, uniform, and countywide administration of this article.

~~(Ord. No. 99-19, § 5(5), 7-26-1999)~~

~~Sec. 94-97. Establishment of prioritization system.~~

~~—The county rural and critical land preservation board shall establish a prioritization system to rank landowner applications in the rural land purchase of development rights program, as identified in subsection 94-128(d), which shall be subject to approval by the county council.~~

~~(Ord. No. 99-19, § 5(6), 7-26-1999)~~

Sec. 94-98~~7~~. Powers and duties.

The county rural and critical land preservation board shall have, but is not limited to, the following powers and duties:

(1) ~~Identify and prioritize rural and critical lands for the purpose of the purchase of development rights, the option to purchase development rights, the fee simple purchase of property, and the exchange and transfer of title to parcels;~~ Develop and recommend to County Council, for adoption by resolution, a set of Beaufort County Rural and Critical Land Preservation Program Policies and Guidelines to guide the identification, prioritization, and management of parcels to be acquired through the county rural and critical preservation program. The Board may make recommendations to County Council for amendments to the Policies and Guidelines as the need arises;

(2) ~~Record conservation easements purchased by the county in the office of the county register of deeds;~~ Identify, prioritize and recommend to county council rural and critical lands to be acquired through purchase of development rights, the option to purchase development rights, the fee simple purchase of property, or the exchange and transfer of title to parcels, as provided for in the county council's adopted Beaufort County Rural and Critical Land Preservation Program Policies and Guidelines;

~~(3) Make such disposition of the development rights acquired by the county as determined by the county council; Promote, educate and encourage landowners to participate in the article county rural and critical land preservation program; and~~

~~(4) After prior approval by the county council, recommend the hiring of staff, the maintenance of offices, and the engaging of consultants to promote the purposes of this article. The county council shall approve the amount of the program's annual revenue used to cover the cost of program administration; Perform such other duties as may be assigned by county council.~~

~~(5) Provide for the monitoring and maintenance of conservation easements purchased by the county;~~

~~(6) Enforce the obligations under conservation easements in concert with the county attorney;~~

~~(7) Promote, educate and encourage landowners to participate in the programs established under this article;~~

~~(8) Identify location of sites for public uses (i.e., parks and affordable housing) as may be approved by the county council; and~~

~~(9) Recommend critical lands to the county council.~~

(Ord. No. 99-19, § 5(7), 7-26-1999)

Secs. 94-998--94-128168. Reserved.

Cross references: Administration, ch. 2.

DIVISION 3. RURAL LAND PURCHASE OF DEVELOPMENT RIGHTS PROGRAM

~~Sec. 94-126. Applicability and general process.~~

~~(a) The rural land purchase of development rights program shall apply in those portions of the county designated "rural service areas" and "resource conservation areas" on the official zoning map of the county, as adopted and amended by the county council.~~

~~(b) The designation of rural service areas and resource conservation areas shall be reviewed and revised in compliance with the program review schedule of the South Carolina Local Government Comprehensive Planning Enabling Act of 1994.~~

~~(c) The rural land purchase of development rights program is a multistep program whereby, at a minimum, the land preservation board:~~

~~(1) Receives landowner applications pursuant to section 94-127;~~

~~(2) Evaluates landowner applications for eligibility in the program pursuant to section 94-127;~~

~~(3) Ranks landowner applications based on a prioritization system to be established by the land preservation board pursuant to subsection 94-128(b); and~~

~~(4) Prioritizes and recommends the purchase of development rights to the county council pursuant to section 94-131.~~

~~(Ord. No. 99-19, § 6.1, 7-26-1999)~~

~~Sec. 94-127. Landowner application procedure.~~

~~(a) Applications to sell development rights shall be on a form prescribed by the county rural and critical land preservation board and shall be signed by the landowner or designated agent (referred to as "applicant") and shall include a plat of the subject parcel. The application shall be submitted to the land preservation board at a time prescribed by the land preservation board. The land preservation board may require supporting documentation, including deeds, surveys, or other legal instruments, to be submitted with the application. An applicant may submit an application for each parcel or may submit a single application for more than one contiguous parcels. Applications for batched parcels shall follow the same procedure, but shall be signed by all landowners or designated agents.~~

~~(b) The land preservation board shall only consider applications for the purchase of development rights from applicants whose land is within the rural service areas and resource conservation areas.~~

~~(c) The land preservation board shall begin each application period by giving notice in newspapers of general circulation which will reach the public throughout the county. The notice shall describe the areas of applicability listed in subsection 94-126(b), explain the general procedure to be followed in the rural land purchase of development rights program, and invite landowners of such properties to make applications for the purchase of development rights by the county.~~

~~(d) Upon closing of the application period, the land preservation board shall review each application to determine whether the eligibility criteria set forth in subsection 94-128(c) are met generally and all required information is provided. Incomplete or otherwise deficient applications shall be returned to the landowner with a statement of reasons for the rejection. Landowners shall be allowed a reasonable time in which to revise, complete and resubmit deficient applications.~~

~~(e) If an application fails to meet the eligibility criteria set forth in subsection 94-128(c), it shall not be eligible for inclusion in the program. For multiple parcel applications where the land preservation board determines that any one or more parcel is ineligible, the land~~

~~preservation board may accept the application as if the application was submitted without the ineligible parcel.~~

~~(f) The submission of an application shall not be deemed to constitute a binding contractual offer to convey any interest in the landowner's property, but shall be revocable at will by the landowner prior to the execution of a purchase agreement, without penalty.~~

~~(Ord. No. 99-19, § 6.2, 7-26-1999)~~

~~Sec. 94-128. Purchase of development rights criteria.~~

~~(a) Subsequent to the deadline for applications as provided in this division, the county rural and critical land preservation board shall review and prioritize applications. The land preservation board shall establish a prioritization system to rank landowner applications based on the criteria in subsection (b) of this section. The system shall be subject to final approval by the county council.~~

~~(b) The following positive criteria shall be applied by the land preservation board in determining which development rights to recommend the purchase of to the council:~~

~~(1) Quality of the rural land subject to a proposed conservation easement, including soils classified as prime, unique, or of statewide importance.~~

~~(2) The likelihood that the rural lands would be converted to nonrural use unless subject to a conservation easement.~~

~~(3) Sufficient size to ensure stability of rural uses or to preserve sensitive environmental areas.~~

~~(4) Proximity of the rural lands subject to proposed conservation easements to other rural lands in the county which are subject to conservation easements or other methods of permanent protection.~~

~~(5) Benefits, including but not limited to enhancement of wildlife habitat, air and water quality, groundwater recharge, preservation of historic or other cultural features and preservation of scenic qualities.~~

~~(6) The stewardship of the land and use of conservation practices and best land management practices, including but not limited to soil erosion and sedimentation control and nutrient management.~~

~~(7) Price of the conservation easement, with priority given to those easements offered at a bargain sale or other pricing mechanisms which maximizes the use of public and private funds to further preserve rural lands.~~

~~(c) The land preservation board shall consult with the county's planning department to evaluate an application's satisfaction of the criteria.~~

~~(d) Once applications are ranked, the land preservation board shall recommend to the council the purchase of development rights in order of each application's rank.~~

~~(Ord. No. 99-19, § 6.3, 7-26-1999)~~

~~Sec. 94-129. Conservation easement requirements.~~

~~—To qualify under this article a conservation easement shall be subject to the following terms, conditions, restrictions, and limitations:~~

~~(1) The duration of a conservation easement shall be perpetual except as provided for in subsection (2) of this section.~~

~~(2) If the land surrounding the land subject to a conservation easement is no longer rural in character, the county council, upon recommendation of the county rural and critical land preservation board, may sell, lease, or convey the conservation easement to the current owner of record of the rural land subject to the easement after the expiration of 30 years from the date of purchase of the easement for a price equal to the value at the time of reconveyance determined pursuant to section 94-130. If federal, state or private funds were used to purchase development rights, the contributing entity must also give its approval to the county's selling, leasing or conveying a conservation easement to the current owner of record of the rural land subject to the easement. The purchase price must be payable to the county. Any payment received by the county pursuant to this section must be paid into a county account that may be used only for the purpose of purchasing development rights.~~

~~(3) Land subject to a conservation easement may not be subdivided unless such subdivision is subject to the specific terms, conditions and duration of the conservation easement. Land may be subdivided prior to the granting of a conservation easement if subdividing will not harm the rural or open space character of the land subject to the easement.~~

~~(4) The instruments and documents for the purchase, sale, and conveyance of any conservation easements must be approved by the county attorney or his designee prior to execution and delivery. Proper releases from mortgage holders and lienholders must be obtained, executed, and properly recorded with the register of deeds to ensure that all conservation easements are purchased free and clear of all encumbrances.~~

~~(5) Upon approval of the county council, the land preservation board may transfer title to a conservation easement purchased pursuant to this article to a land trust. The land preservation board may also purchase a conservation easement from a land trust. In these events, all sections of this article remain in effect.~~

(Ord. No. 99-19, § 6.4, 7-26-1999)

~~Sec. 94-130. Valuation.~~

~~(a) Valuation of land or development rights pursuant to this division shall be determined by appraisal and shall be equal to the difference between the market value of the property without encumbrance by a conservation easement and market value of the property so encumbered. Value shall be established by an appraisal process where a land preservation board shall retain a real estate appraiser, certified by the state.~~

~~(b) Appraisals shall be in writing and shall be furnished to the respective landowners for review. Errors of fact in any appraisal may be called to the attention of the county rural and critical land preservation board and the land preservation board's appraiser, but corrections to the appraisal may be made only by the land preservation board's appraiser.~~

~~(c) If a landowner disagrees with the appraisal made by the land preservation board's appraiser, a landowner has the right to select and retain a separate, independent, state-certified general real estate appraiser within 30 days of receipt of the appraisal of the land preservation board's appraiser to determine value of the development rights. The landowner's appraisal shall then be filed with the land preservation board. The land preservation board shall use both appraisals to attempt to reach an agreement as to the appropriate value of the development rights.~~

~~(d) The entire acreage within the parcel under consideration must be included in the determination of the value of the development rights. The land preservation board's appraiser and the landowner's appraiser shall take into account the potential increase in the value of any parcel retained by the landowner because of the placement of the conservation easement on the remaining rural land.~~

~~(e) The purchase price may be paid in a lump sum, in installments over a period of years, or in any other lawful manner of payment. If payment is to be made in installments or another deferred method, a person selling development rights may receive, in addition to the selling price, interest in an amount or at a rate set forth in the agreement of purchase.~~

(Ord. No. 99-19, § 6.5, 7-26-1999)

~~Sec. 94-131. Development rights purchase procedure.~~

~~(a) Upon the ranking in priority of the landowners' applications and approval by the council pursuant to this division, the county rural and critical land preservation board shall by and through the county administrator convey to the owners of the selected parcels, in writing, an offer to purchase development rights from the subject property. Such offer shall be in an amount determined by the land preservation board in section 94-130 and approved by the council. Such offer shall also contain the specific terms of the conservation easement. It shall also be conditioned upon the absence of any defects in title or other restrictions or~~

~~encumbrances which may adversely affect the county's interest in accomplishing the purposes of this article.~~

~~(b) The landowner shall have 60 days following receipt of the county's offer in which to respond by acceptance, rejection or counteroffer. Failure to respond after 60 days will be considered a rejection of the offer. The landowner may reject the offer to purchase up to the point of settlement. A landowner who rejects a county offer to purchase development rights will forfeit the right to sell development rights to the county for a period of 12 months from the date of rejection.~~

~~(c) Settlement will occur following the landowner's acceptance and the county council's approval of the county's offer to purchase development rights. The county's acquisition of a conservation easement shall be recorded in the office of the register of deeds. The land preservation board, its staff, or the land preservation board's designee shall monitor the properties under conservation easement in this program at least biannually to ensure compliance with the conservation easement.~~

~~(d) The land preservation board shall maintain an official map and files of all development rights held by the county or its its designee.~~

~~(Ord. No. 99-19, § 6.6, 7-26-1999)~~

~~Sec. 94-132. Purchase and resale.~~

~~— Subject to county council approval on a case-by-case basis, the county rural and critical land preservation board may acquire in fee simple rural land located in areas designated in subsection 94-126(a). The intent of such purchase will be to place a conservation easement on the property and to resell or make such other disposition of the property as restricted. Best efforts shall be used by the land preservation board to sell the property within 12 months of purchase. The purchase and resale method is intended to be limited to those properties which are offered for sale or which may otherwise be available for purchase, on which development pressure or the chance of use of the property are very high, and whose location is such that the property's continued rural use is important to the purpose of this article.~~

~~(Ord. No. 99-19, § 6.7, 7-26-1999)~~

~~Sec. 94-133. Rural activity.~~

~~— The county shall encourage the continuity, development and viability of agricultural production within rural lands by not enacting local laws or ordinances which would unreasonably restrict agricultural production within the rural lands in contravention of the purposes of this article unless restrictions or ordinances bear a direct relationship to the public health or safety.~~

~~(Ord. No. 99-19, § 6.8, 7-26-1999)~~

~~Sec. 94-134. Land preservation board report.~~

~~The county rural and critical land preservation board shall submit to the county council an annual report based on all of the activities carried out pursuant to the purchase of development rights program. The report shall include but is not limited to the following:~~

- ~~(1) Map indicating the location of rural lands in the county and the location of the parcels from where development rights are purchased;~~
- ~~(2) Number of acres in the county's rural lands;~~
- ~~(3) Total number of conservation easements and number of acres of each of the conservation easements in the rural lands throughout the county;~~
- ~~(4) Nature, scope, and extent of development activity in the rural lands where development rights have been purchased;~~
- ~~(5) Number of landowner applications for the given year for the rural land purchase of development rights program; and~~
- ~~(6) Number of conservation easements and number of acres of each of the conservation easements in the rural land throughout the county for the given year.~~

~~(Ord. No. 99-19, § 6.9, 7-26-1999)~~

~~Sec. 94-135. Appropriations to fund.~~

~~The county council shall appropriate annually such funds as the county council may deem appropriate to the rural land purchase of development rights program.~~

~~(Ord. No. 99-19, § 6.10, 7-26-1999)~~

~~Sec. 94-136. Conflicting laws.~~

~~If any section of this article pertaining to the rural land purchase of development rights program conflicts with state law, state law shall control.~~

~~(Ord. No. 99-19, § 6.11, 7-26-1999)~~

~~Secs. 94-137-94-165. Reserved.~~

DIVISION 4. CRITICAL LAND PROGRAM

~~Sec. 94-166. Established.~~

~~The county shall establish a critical land purchase of development rights/fee interest program whereby tracts, parcels or areas, in addition to rural lands, within the county that possess unique, significant, or important characteristics may be purchased in fee, optioned, or the development rights purchased therefrom or otherwise in order to further the purpose of this article.~~

~~(Ord. No. 99-19, § 7.7-26-1999)~~

~~Sec. 94-167. Applicability.~~

~~The critical land purchase of development rights program shall be applicable in all areas of the county, including those areas described in subsection 94-126(a) of this article. If those areas described in subsection 94-126(a) are considered under this program, there shall be a preference to purchase development rights in those areas.~~

~~(Ord. No. 99-19, § 7.1, 7-26-1999)~~

~~Sec. 94-168. Administration.~~

~~The critical land program shall be administered under the same provisions and procedures as are applicable to the rural land purchase of development rights program in division 3 of this article; however the county rural and critical land preservation board shall prioritize, value, and recommend the fee simple purchase of, the optioning of, or the purchase of development rights of lands deemed to be critical lands to the council. Funds for the critical land purchase of development rights/fee interest program shall be appropriated separately from the other program under this article. All meetings by the board or council related to the purchase of critical lands shall be held in executive session, and all attendees at such meetings shall agree to hold any information from such meetings strictly confidential. Nothing in this section shall prohibit or limit the power of the council to initiate the purchase of critical or other lands absent a recommendation by the board.~~

~~(Ord. No. 99-19, § 7.2, 7-26-1999)~~

~~Cross references: Administration, ch. 2.~~

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 FY 2010 which does not yet include the .84 mills for the PSD ASR that we just heard about a few minutes ago.

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 \$2.5 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

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May 10, 2010

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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.

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			
Assesement 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				

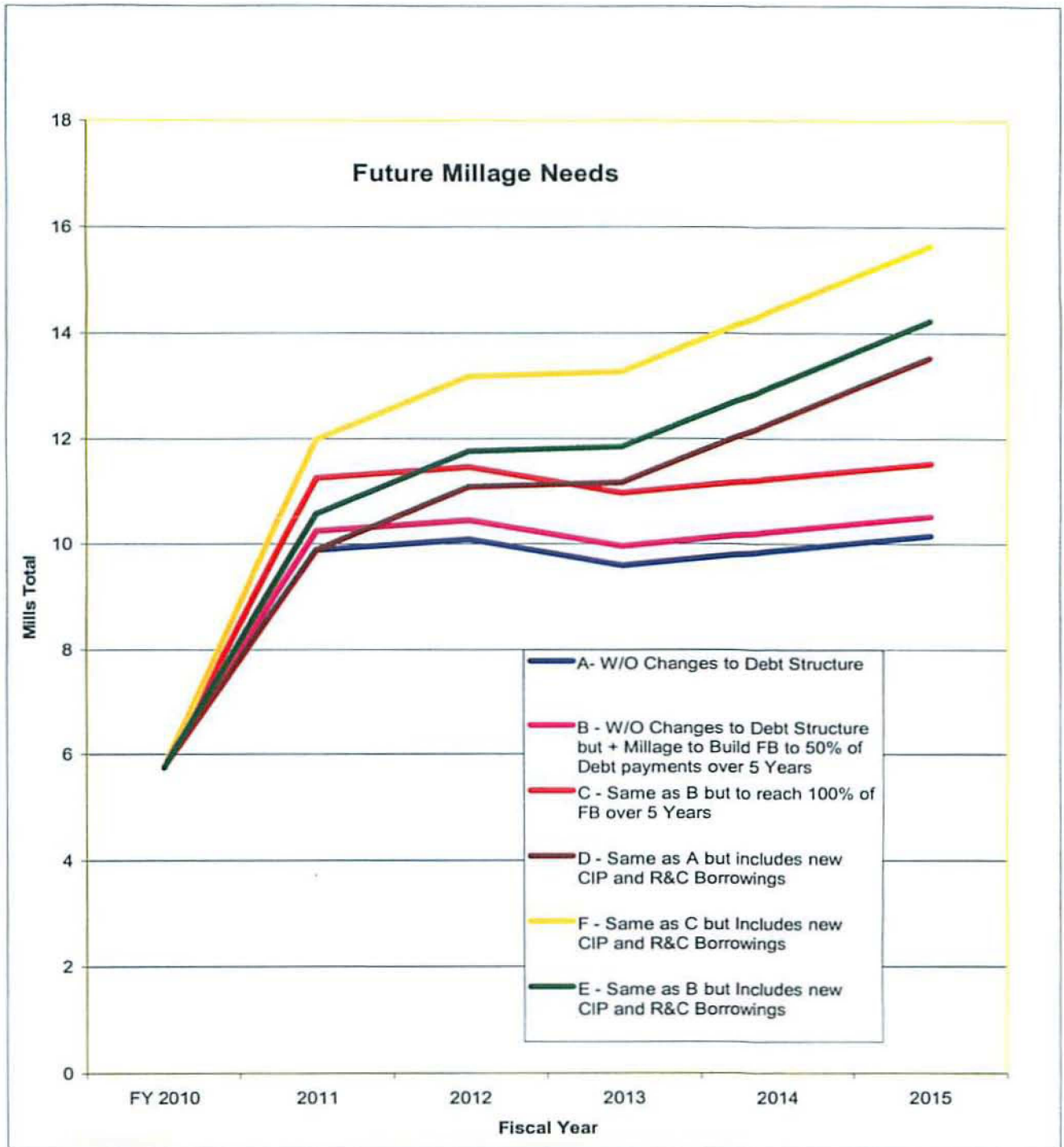


Figure 4 - Trajectories of County and Rural/Critical Debt Millage

(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

AGENDA
NATURAL RESOURCES COMMITTEE
 Friday, May 14, 2010
 2:00 p.m.
 Executive Conference Room
 Administration Building

Committee Members:
 Paul Sommerville, Chairman
 Jerry Stewart, Vice-Chairman
 Steven Baer
 Gerald Dawson
 Brian Flewelling
 William McBride
 Stu Rodman

Staff Support: Tony Criscitiello

- 2:00 p.m.** 1. CALL TO ORDER
2. DISCUSSION OF A POTENTIAL NOVEMBER BALLOT FOR RURAL AND CRITICAL LANDS BOND REFERENDUM
3. CONSIDERATION OF CONTRACT AWARD
- Rural and Critical Lands Preservation Program Consulting Services for Beaufort County
4. EXECUTIVE SESSION
- Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property
5. ADJOURNMENT

County TV Rebroadcast	
Wednesday	9:00 a.m.
Thursday	4:00 a.m.
Saturday	11:00 p.m.

Natural Resources		
Date	Time	Location
June 7	2:00 p.m.	ECR
<i>No Meeting in July</i>		
August 10	2:00 p.m.	ECR
September 7	2:00 p.m.	ECR
October 4	2:00 p.m.	ECR
November 1	2:00 p.m.	ECR
December 6	2:00 p.m.	ECR

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 Lindsay, 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; Beckman 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.

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COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

NATURAL RESOURCES COMMITTEE

Monday, June 7, 2010

2:00 p.m.

Executive Conference Room
Administration Building

Committee Members:
Paul Sommerville, Chairman
Jerry Stewart, Vice-Chairman
Steven Baer
Gerald Dawson
Brian Flewelling
William McBride
Stu Rodman

Staff Support: Tony Criscitiello

- 2:00 p.m.**
1. CALL TO ORDER
 2. CAMP ST MARY'S DISCUSSION
 3. DISCUSSION OF A POTENTIAL NOVEMBER BALLOT FOR RURAL AND CRITICAL LANDS BOND REFERENDUM
 4. CONSIDERATION OF REAPPOINTMENTS AND APPOINTMENTS
 - Beaufort/Jasper Water and Sewer Authority
 - Construction Adjustments and Appeals Board
 5. EXECUTIVE SESSION
 - Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property
 6. ADJOURNMENT

County TV Rebroadcast	
Wednesday	9:00 a.m.
Thursday	4:00 a.m.
Saturday	11:00 p.m.

Natural Resources		
Date	Time	Location
No Meeting in July		
August 10	2:00 p.m.	ECR
September 7	2:00 p.m.	ECR
October 4	2:00 p.m.	ECR
November 1	2:00 p.m.	ECR
December 6	2:00 p.m.	ECR

A quorum of Council may be in attendance at all Committee meetings.
Please silence your cell phone during the meeting.

NATURAL RESOURCES COMMITTEE

June 7, 2010

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

The Natural Resources Committee met on Monday, June 7, 2010 at 2:00 p.m., in the Executive Conference Room, Administration Building

ATTENDANCE:

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

County Staff: Delores Frazier, Planning; Amanda Flake, Natural Resource planner; Gary Kubic, County Administrator; Rob McFee, Division Director – Engineering and Infrastructure; David Starkey, Chief Financial Officer

Media: Joe Croley, Hilton Head Island Association of Realtors and Richard Brooks, *Bluffton Today*

Public: Reed Armstrong, Coastal Conservation League; Ann Bluntzer, Beaufort County Open Land Trust; Peg Cronan, Camp St. Mary's resident; Rob Montgomery; Jerry Reeves, Camp St. Mary's resident; Cooter Ramsey, Allison Ramsey Architects; Mary Frank Quinlin, the proposed John Paul II high school.

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

ACTION ITEM

1. Discussion of a Potential November Ballot for Rural and Critical Lands Bond Referendum

Discussion: Mr. Sommerville said at least four people are present to speak on this item, but he wanted to give some background. We are in our second referendum for Rural and Critical Lands — one for \$50 million in 2000 and another for \$40 million in 2006. We have approximately \$18.5 million uncommitted and unspent from the 2006 referendum. We are in a time when land prices are relatively inexpensive. Arguably this is a good time to buy rural and critical lands and consequently this would not be a good time for the program to run out of money. However, if we look at the history of how much we spend yearly it runs between \$5 million to \$8 million. The question becomes whether or not we go to the voters in November 2010 and ask for additional authorization for more bonding to purchase more lands as we identify them. Initially, the Rural and Critical Lands Board set forth a request to the Natural

Resources Committee to go forward, on the November ballot, with a \$50 million referendum authorization for rural and critical lands. The Natural Resources Committee took this up May 14, 2010, but since then there have been a number of discussions with the major players involved. You will hear from some of them in a few minutes. Some of the discussions generated the idea maybe it is not prudent to put this item on the November ballot. The program may be better served by waiting until 2012 because: the taxpayers are already heavily burdened; we have \$18.5 million and may not need additional money until 2012. The Council sent this item back to this Committee for discussion and recommendation. Mr. Sommerville asked those present to make comments.

Mr. McBride stated, for the record, the Natural Resources Committee recommended \$40 million, not the full \$50 million.

Mr. Flewelling said we forwarded a recommendation to County Council, which then sent the item back to this Committee. What are our possible options here? Do we send forward no recommendation? Do we withdraw our recommendation? Mr. Sommerville answered he thinks we need to decide on a recommendation for Council to either go forward or not with the referendum.

Mr. Armstrong, Coastal Conservation League, said this Rural and Critical Lands Program has been one of the most successful and important things the County ever came up with. We certainly support the objectives and success. The Coastal Conservation League has been actively involved in the public campaigns for the previous bond referenda. I think that all campaigning and educating the public did about the Program's success and goals, is the reason we had very strong support for the bond referenda. Unfortunately, it is a situation without adequate time to launch a campaign, he said. There are considerable funds left in the program, hopefully to carry us another two years.

Mr. Sommerville commented even if we decide not to go forward with a referendum this year, there are options for matching funds to pursue in the interim. There will be additional activity.

Mr. Stanford, former program consultant Conservation Consultants, said it was a privilege to serve as a consultant. They began discussion with the Rural and Critical Lands Board, and some of this Committee, as early as last fall about a new bond issue. We know from our history it takes a long time to develop the proper campaign behind the bond issue. 1. It was our recommendation we do a new Geenprint Map, a massive undertaking in terms of technology, mapping and fact gathering. 2. It was timely before the beginning to the year, but as we approach the election it would be difficult. 3. It also puts a burden on the Open Land Trust, which is taking over the project. 4. There are techniques to use. For example, during the 2006 campaign we were out of money from the 2000 bond. We still did a number of transactions contingent upon passing the new bond issue. He stated he is inclined to think it is too late to start the campaign for the new bond issue at this time.

Mrs. Bluntzer stated the most important thing to recognize as you weigh the timing on this issue is the one thing we all agree on is the success of this Program and how much it does for Beaufort County. It is simply a timing issue. I personally believe it is a non-issue; we have the funds and are set up for success for the next two to three years. This is based off the program's history over the last 10 years. She stated she wants to make sure there is adequate time to inform the public about the success of the Program, how the money is used and what the plans are for the Program; we need two years to have a successful campaign.

Mr. Riley, chairman of the Rural and Critical Lands Board, reviewed the reasons to postpone the referendum, as well as the reasons to go forward. Reasons to postpone include: not a good economy to ask for more money, existing pressures on increased taxes from own operations and schools, we have \$18 million, and we can make the money in-hand last and we need time for a promotional campaign. Reasons to move forward include: there is never a good time for a referendum, this is a great time to be a cash buyer, our spending increased in the past years and we may run out of funds, 2012 may be a year to think of another road sales tax referendum or reassessment year. Mr. Riley, as Hilton Head town manager, said they successfully did five referenda with an education program consisting of him and a slideshow. It does not have to be a hard effort. There are people who will never support.

Ms. Von Harten stated when a referendum goes forward she wants to make sure the language is flexible enough to allow us to do things with the properties bought so they do not just sit there. She said if we use the same language from the last referendum, it limits us in a way we do not want to be limited. Mr. Riley replied it is a two-part answer. What do you want to do with the land? It is also a matter of focusing on the land buying portion. The Board has not focused on development. He said he is not sure you can use the money for maintenance. It is a question to kick around.

Mr. Rodman said he thinks the motion may be to table this item. Mr. McBride said once the motion to table is out you cannot discuss the item.

Mr. Flewelling conceded he sees the merits of delaying this referendum until 2012. The last thing we can afford is failure at the ballot box for this Program, he said. This is an important Program and once something like this gets defeated it takes several more attempts to get it approved. He said he favors delaying this item for awhile.

Mr. Dawson stated the comments Mr. Flewelling made basically are some of those he made at an earlier meeting. With the state of the economy, adding an additional burden to our citizens by funding a referendum might be ill-advised. I think we should delay.

Mr. Rodman said he advocates this. However, he is disappointed to find out we somehow ran out of time when we talked about doing this as we go forward. There are two strong arguments for doing this according to Mr. Rodman: 1. This is the time for cash buyers or bottom fishers. 2. As much as we understand a green print, this next Program's success rises or falls on what we did in the past. This said, Council should not say we are doing something when all those

involved in managing the program say it will not work or make any sense. Unfortunately, we probably need to table this for two years, Mr. Rodman concluded.

Mr. Stewart stated he would be very unhappy to see Council table this. It is a decision meaning the item is over. It should be up or down. He said he appreciates Mr. Rodman's comments about the economy, etc., but he is very disappointed, very bluntly. He said he thinks part of the decision to postpone is because of the time it took to do the transition — not as timely as he hoped. Some of the arguments used are not totally valid, he said. A lot of work was done at the last referendum to educate citizens, a great job was done as set out by the green print and I think the citizens of this county are well-informed, he said. With all of the tools and skills we have at our disposal, I am not sure a green print is that difficult, he added. He said he thinks the referendum has a good chance of passing, and if it does not it's not that significant to the Program. He commented the people we entrusted the Program to, to move it forward, and make these things happen are sort of holding back and asking us to back off. He said he is very concerned. Who is making these decisions? I am concerned you put is in a position, where we do not make the decision; the people working on this program are not really concerned with what Council's decision is, he said. Mr. Stewart also pointed out just because the referendum passes, it does not mean we are obligating the citizens to higher taxes. It is our responsibility to decide when we go out to borrow the money. We will spread the \$40 million out over a lengthy period, as we did on the past two referenda. "We are making a mistake, missing an opportunity as we go forward," Mr. Stewart said.

Mrs. Bluntzer acknowledged all of Mr. Stewart's points were valid. She said she wanted to give perspective on other programs throughout the country, which also use public funding for bond referendum. The average time put forward to a public vote, as Charleston County did, was almost an 8-year gap. We had from 2000 to 2006, which is a 6-year gap. We face a 4-year gap. This is a very short window to put forward another issue related to the same concept — conservation land purchases. At the nuts and bolts of this, maybe it got put forward to you a couple years earlier than it needed to — creating a sense of false urgency. The other side of this, too, is if you look at the Charleston County Greenbelt Program (viewed equally as successful as Beaufort County's), it spends between \$8 million to \$12 million annually. It covers a larger area and population. We are right on target with other comparative programs in the country. Another important detail is the last referendum cost about \$100,000 to put on. 70 percent of the funding came from a Donnelly Foundation grant, with a cycle for this year's funding of March 2010 (not knowing if there would be a referendum, no application was filed). There is not even funding to put forward any type of campaign however small or large. On the other side, if Council decides to go forward with a referendum she said they will pursue it with all the energy at their disposal. She wanted to alleviate some concern, not sure how much her word means in that sense, Mrs. Bluntzer said. We will be behind it.

Ms. Von Harten said she is leaning toward letting the voters choose, get the question on the November ballot, but we should use minimal resources for our staff and not expect too much. If it is strong and popular enough for voters to approve the Program on its own merits, we would do the right thing by giving voters the choice. At the same time, she said she has heard people

say should the referendum fail it is doom and gloom for the Program. Is that really something we should fear?

Mrs. Bluntzer replied it is not something to fear. She reiterated she does not think the referendum is necessary right now. We have the funds. The Program is great. We will move at the pace we have always. We will continue to make deals off the success of a 2012 referendum. It is not necessary. It is not voting down the Program. It is important for 2012.

Mr. Baer stated he is rethinking his position. We do not have a green print, and it will take time to do that. We have not fully explored matching grants. These would be very useful in our public relations program. Also we do not have a lot of time for a public relations program. If there is nothing else I learned in 40 years, you do not go into something unprepared. It sounds like we will not be fully prepared to do it this time. There is very little risk in waiting. He restated his stance is to wait until 2012 for the referendum. Mrs. Bluntzer addressed the matching funds issue raised by Mr. Baer. She said we feel the Program has not taken full advantage of matching funds. I feel like we can get at least a 30 percent match to what we have. We are talking about \$18 million. Over the next two to three years, we can match this by a third, meaning \$25 million to \$27 million with matching funds. The Department of the Navy will continue to pour money into land conservation, and will be an excellent matching partner. She added the partnership has had great success with the Navy in the past. There are four federal programs the Open Land Trust will put grants into annually. We are optimistic we can stretch this more.

Ms. Von Harten asked if we have to have a green print. If we do, can we make it all Beaufort County to make it sufficiently vague. Mr. Riley said the green print was really a program of the Trust for Public Land as a process to engage citizens, get input. Is it important? Yes, I think it has been a viable tool. Would you like to update it? Yes, you would. We want citizens to help us re-evaluate priorities. However, if you do not have to you could get by with what you have. Mr. Stanford added he does not think you have to have a green print to move forward. Fortunately, the green print is not copyrighted. It creates an education process for the voter, he said. It was used as such in 2006. The Committee and those present then discussed the benefits, purpose and limits of the green print, as well as whether it is necessary to move forward with the referendum. No consensus was reached.

Mr. Stewart expressed his disagreement with the fact there are adequate funds. We ramped up the Program, as well as the amount we are spending. He said he knows we have a number of deals on the table we could close, and perspectives with a sum total greater than our balance. We are making decisions and slowing down because we know there are other opportunities coming up. I see us making decisions we would not have made a year ago, or if we had those additional resources. It would be wonderful if we could get some matching funds, but you have to prove to me you can do it. I do not think we have enough resources.

It was moved by Mr. Baer, seconded by Mr. Flewelling, that Committee recommends holding off the \$40 million bond referendum for Rural and Critical Lands until 2012, as well as to use the

interval time to work on the Greenprint Map and our matching funds program so we do everything possible to optimize the passage of a referendum in 2012.

Mr. Rodman said he suspects this is a split vote. Another option is to defeat and refer it to Council. This is an extremely important item to this County. In fact, we should not vote it up or down at this committee level. It should have a full-blown debate to see where we are. I will vote against the motion because I think we owe it to the community to take it back and not make a final decision here.

Mr. Sommerville said whatever we say, we seem to say as a divided group. The Committee then discussed the perceived message they were sending as related to their voting on the item.

Mr. McBride stated he is torn on this item. He was of the opinion the full Council should make the decision, which is why he made the motion to forward it to Council. However, the individuals we want on to run this Program think we should step back, slow down and do this in 2012. I am a little bit reluctant to attempt to move it forward again. It is not a good idea; if the people you could on to do this Program feel you do not need to do it at this time. On the flip side, if you move forward with a referendum, with the money we have left from the previous bond referendum, people will say you have money in the bank and you are asking us for more money.

Ms. Von Harten said she does not see the need to waste resources on doing a public campaign with additional tools such as The County Channel at our disposal. If the voters want it, they will do the publicity.

Mr. McBride said anytime we put a referendum on the voters' ballot, we need to do everything possible to make sure it is successful. He said he feels reluctant to move something forward without total support to get it passed.

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

Recommendation: Council holds off the \$40 million bond referendum for Rural and Critical Lands until 2012, as well as use the interval time to work on the green print and our matching funds program so we do everything possible to optimize the passage of a referendum in 2012.

2. Consideration of Reappointments and Appointments Beaufort/Jasper Water and Sewer Authority

Discussion: Mr. Sommerville stated this past year we appointed Donna Altman to fill an unexpired term. That term expires in three weeks on July 1. She requests to be reappointed.

It was moved by Mr. McBride, seconded by Mr. Flewelling, that Committee nominate Mrs. Donna Altman for reappointment to serve as a member on the Beaufort/Jasper Water and Sewer

Authority. The vote was: FOR - Mr. Baer, Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. The motion passed.

Recommendation: Committee nominated Mrs. Donna Altman for reappointment to serve as a member on the Beaufort/Jasper Water and Sewer Authority.

INFORMATION ITEMS

3. Camp St. Mary's Discussion

Discussion: Mr. Sommerville said the Archdiocese of Charleston want to build a Catholic high school along S.C. 170, in Jasper County. It will be a while before this is completed, but he said he does not know the timeframe. In the interim, John Paul II school is interested in starting a school prior to the completion of the building, which may be a few years down the road. As part of that discussion, they would like to have the County consider the possibility of leasing and upgrading the Camp St. Mary's property. They want to start a 9th-grade class of about 40 people by fall 2011. This property was owned by the Catholic Church for many years. As far as the Natural Resources Committee is concerned, there is nothing to act on. This will go to the Development Review Team on Wednesday, June 16. It will ultimately go before the Zoning Board of Appeals to apply for a special use. The purpose of this presentation is to alert the Committee of the intentions of John Paul II with respect to Camp St. Mary's property, as well as give us an opportunity to ask any questions. If, and when, it comes to us it will probably be in the form of a proposed lease agreement between the County and John Paul II. Representing John Paul II are Cooter Ramsey, Rob Montgomery and Mary Frank Quinlin.

Mr. Ramsey, representing John Paul II, gave members an introduction of what they want to do with Camp St. Mary's. He explained he is on the Building Committee. The church has 60 acres in Jasper County for a high school. Recently, we sent out a request to interview architects to bring in ideas for the high school. We are here to start dialogue and ask the Committee questions because we are not sure where or how we need to proceed. During Mr. Montgomery's presentation he reminded us of Camp St. Mary's and the history with the Catholic Church it has. He spoke about the on-site chapel and relocation, as an incubator, to the new high school site. Is it possible to get the chapel from the County? Can we relocate it? We discussed as a building committee using Camp St. Mary's for a few years. We knew there were some County plans to use the property as a park; it was bought for that purpose. We also know no one has money right now. One of the ideas we propose is in exchange for us using the facility for a few years as we build our eventual high school across the street, we in turn leave you some up-fitted and renovated building to be used in the proposed park when we leave. The idea is we would like to get on the campus, look around and do some studies. We engaged Mr. Montgomery to prepare plans for us. However, this is in the very, very early stages. There are surely tons of questions. We are not even sure if we can use the site for our school for a programmatic standpoint. We do not know if the buildings will work; it is just a hunch to pursue this property. It is something we want to try before we get too involved; we want to touch base with the public to see how folks react to it. Is it controversial or is there a chance we can do some homework and start negotiations. We want to partner to get something done over there.

Mr. Rodman asked Mr. Ramsey to share the timeline and size of the proposed school. Mr. Ramsey replied when the school was first conceived, it was a substantial campus of somewhere near a \$30 million campus. Since then, we stepped back and talked more about the first phase, what we can do in the beginning stages of the school. Right now we are looking at a \$10 million to \$12 million project. In the very beginning, we see starting with a 9th-grade class and letting the school grow from there. We will start with one grade and the year after that class progress, and we add a new class. In that manner we will build a school. Mrs. Quinlin stated they are looking at an August 2011 start date, with approximately 40 to 60 freshmen students. We hope the next year we will have around 60 to 80 underclassmen. The school will be built to hold between 400 and 600 students. However, some have thrown out the number of 1,000 to 1,500 students. That is very long-term planning.

Mr. Rodman stated if you look the School District has on the drawing board a third high school in Bluffton, but it is right on the edge of whether you need it and where you need it. He added his sense is if you build John Paul II, which will be beneficial in terms of the public not having to build the additional Bluffton high school. The other issue relating to that is, we know the enrollments declined a bit on Hilton Head so as we go forward there will be some adjustment of attendance distribution. Long-term it is a clear plus for the taxpayer, Mr. Rodman said.

Mr. Baer asked questions about where Camp St. Mary's is located in regard to S.C. 170, along which the permanent school is proposed. He said he thinks we just bought some Sheriff's property around there too. Mrs. Quinlin said the new school site is where Strike Zone was, past Stuckey's Furniture. She explained Camp St. Mary's is essentially on the other side of S.C. 170 on the water. He also asked for the pros and cons of the school using Camp St. Mary's. Mrs. Quinlin commented on taking some of the pressure off the public schools. We most definitely want to poach the public school students; forgive my use of the term, she said. It is not just a school for Catholic children. It is a school to serve all denominations or non-denominations. We hope to take some of the burden off the public high schools.

Mr. Stewart asked if they had done any examination of the buildings on Camp St. Mary's property. Mr. Ramsey answered they visited the site once. Mr. Montgomery handed out photographs of buildings. There are five buildings on the campus, 8,600-square feet of usable square footage. He also handed out a site plan. In the documentation related to the County's purchase of the property they said the chapel, at the very least, is in the wrong spot. Also, if it was determined to not tear it down, then it should be relocated. He clarified he has not seen subsequent studies for the property but understands there are some. Based on this, he thought it would be a good use of the chapel for the high school students.

Ms. Von Harten asked about the dock on the property and whether it would become public access. Mr. Kubic said that is premature.

Mr. Montgomery said he wanted to see if he could get access again to the site to do further evaluations.

Mr. Stewart said they had discussions last week with the Planning Department and arrangements made prior to the DRT meeting. At that point, they will explain the requirements, options, etc. Many of the issues will be dealt with at that level. As a county we have had many discussions about what we could do with Camp St. Mary's, as well as how we can best utilize our resources. He said we will leave it to DRT and the Planning Department.

Mr. Flewelling said the John Paul II representatives requested permission to get on the property to study further. He asked if it is something the Council authorizes or whether the administrator can. Committee members said the administrator may.

Mr. Montgomery stated he had conversations with County preservation planner Ian Hill, who believes it is a palatable use for the chapel.

Ms. Von Harten said she likes this idea because it is the government and the faith community working together for a common goal for the common good. There needs to be a lot more of that. I know we have to maintain the separation of church and state, but in this case I feel it is a mutually beneficial situation, she said. She added it is a very creative solution.

Mr. Sommerville referred back to Mr. Baer's question about the pros and cons. He said the package addresses a citizens' task force for Camp St. Mary's. It pre-dated May 9, 2000. The Committee briefly discussed zoning on the property, which Mr. Sommerville said he believes is rural. They also mentioned the question of whether a school could be built on that property will go before the DRT. Mr. Sommerville then asked the residents in attendance to come forward to comment on the item.

Mr. Jerry Reeves, a Camp St. Mary's resident, said many of those present do not know where Camp St. Mary's is and the residents want to keep it that way. We have a quite, nice residential neighborhood, he added. The area is small and historic, largely due to the camp formerly located there. The diocese sold the property to the county about 8 years ago. It is on a dead-end road. The residents of this area spent a great deal of time with the Planning Department to come up with plans for a passive park, Mr. Reeves said. Residents are interested in the park going in and open to the other residents, he said speaking for other residents. There is no water and sewer on the street and we are not interested. To support a high school, you need water and sewer. The land size is about 10 acres and he said he is not sure how a high school can be accommodated on this size property. He expressed concern about the temporary high school location on Camp St. Mary's stretching out many more years. We are not interested in traffic or water or sewer. We just want the passive park. The Catholic Church already spent money for the property across the street; there is no reason why they cannot fast track a high school. We did a middle school on Buck Island Road in Simonsville, and it will be ready to start in less than a year. If Beaufort County wants to get rid of the property, he suggests subdividing into three lots and sell those, then use the funds to buy Pinckney Colony.

Mrs. Conan, Camp St. Mary's resident, added this property is right on the Okatie River, a beleaguered little river. We need to do everything we can to remain sensitive to that fact, and I am not sure it is a great idea to put a high school on that property, she said.

Mr. Rodman said his sense as this moves forward is it will be reasonably controversial. He addressed the concept of doing the school on the current site as having some merit. The expenditure done the site can be used as the high school is brought forward. One thing to make sure you examine is whatever South Carolina requires has to be accomplished. We had and have some conversations coming up on the H-Tax and A-Tax. I think this was one of the parks suggested on the list of those the County is ready to put money into, he said. Lastly, he added he was surprised, if the school needs a temporary site, why they would not do it on the current site or on the church property. There are a series of questions and options to be explored, Mr. Rodman said. Mr. Ramsey said they are not throwing out the idea of building on the site. One of the things we are looking at is timing and finances. If we go into a campaigning issue there will be a few years while we raise the funds. The site as is, we need water and sewer, in addition to a pump station. There are many infrastructure costs for our site we have to put forward. We certainly know if you say this thing does not move forward, and we could do something in a temporary fashion on our site. We are working them all at the same time; we are not throwing any ideas to the curb. Mr. Rodman said no matter where you go you could talk with the School District about purchasing their trailers.

Mr. Baer summarized they do not want to build on the new site because of water and infrastructure, but will you not also have to bring those into the Camp St. Mary's site. Mrs. Quinlin said she is the chairman of the executive committee, and has been for four years. There are a few questions raised, many of which are misconceptions. The Diocese of Charleston gave us the land. We have to raise the money to build the high school. We have not begun raising funding. We are looking for the least expensive, most beneficial manner to do this. With respect to water and sewer, that is a good point. As Mr. Ramsey said, we considered mobile units on the site and it is one of our last choices. She added the consideration of using a storefront or other spaces around the area. She said because it is a diocese school they cannot open a school on the church campus. She concluded they looked at many other possibilities.

Status: For information only. No action. The item will appear before the Design Review Team next week.

COUNTY COUNCIL OF BEAUFORT COUNTY

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COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA
NATURAL RESOURCES COMMITTEE
Monday, October 3, 2011
3:00 p.m.
Executive Conference Room
Administration Building

Committee Members:

Paul Sommerville, Chairman
Brian Flewelling, Vice-Chairman
Steven Baer
Gerald Dawson
William McBride
Jerry Stewart
Laura Von Harten

Staff Support: Tony Criscitiello

1. CALL TO ORDER – 3:00 p.m.
2. 2012 BOND REFERENDUM / RURAL AND CRITICAL LANDS PRESERVATION PROGRAM
3. ANNUAL REPORT / RURAL AND CRITICAL LANDS PRESERVATION PROGRAM
4. CONSIDERATION OF REAPPOINTMENTS AND APPOINTMENTS
 - A. Planning Commission
 - B. Zoning Board of Appeals
5. ADJOURNMENT

County TV Rebroadcast	
Wednesday	9:00 a.m.
Thursday	1:00 a.m.
Friday	10:00 p.m.

Natural Resources		
Date	Time	Location
November 7	2:00 p.m.	ECR
December 5	2:00 p.m.	ECR

NATURAL RESOURCES COMMITTEE

October 3, 2011

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

The Natural Resources Committee met on Monday, October 3, 2011 at 3:00 p.m., in the Executive Conference Room, Administration Building, 100 Ribaut Road, Beaufort, SC.

ATTENDANCE

Natural Resources Members: Chairman Paul Sommerville, Vice Chairman Brian Flewelling, and committee members Steve Baer, Gerald Dawson, William McBride, Jerry Stewart and Laura Von Harten attended the meeting. Non-Committee members Rick Caporale and Stu Rodman were also present.

County Staff: Tony Criscitiello, Division Director – Planning and Development; Joshua Gruber, County Attorney; Bryan Hill, Deputy County Administrator; David Starkey, Chief Financial Officer.

Public: Steve Riley, Rural and Critical Lands Board member.

Media: Joe Croley, Hilton Head Island Association of Realtors; and Kyle Peterson, *Island Packet/Beaufort Gazette*.

Mr. Sommerville chaired the meeting.

ACTION ITEM

1. 2012 Bond Referendum / Rural and Critical Lands Preservation Program

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2.

Discussion: Committee Chairman Paul Sommerville introduced this item to the Committee. This comes as a recommendation from the Rural and Critical Lands Preservation Board that County Council proceed with a land acquisition referendum on the November 2012 ballot for an amount that can be supported by a one mil increase in property taxes financed over a 20- to 25-year period. And that up to 20% of the proceeds may be used to improve properties acquired under the program; consistent with the program guidelines. Also, County Council, working with county staff, should identify a specific dollar amount for the referendum question based on the best available estimates of property values at the time they adopt the referendum ordinance. This item is before Committee for a decision of whether or not it should go forward to the Finance Committee for them to determine an appropriate amount, and also whether or not

this Committee wants a percentage of the proceeds to be used for improvement of current properties.

Motion: It was moved by Mr. Flewelling, seconded by Mr. Stewart, that the Natural Resources Committee approves and forward to County Council approval of placing a land acquisition referendum on the November 2012 ballot, and that 20% of the proceeds be used to improve properties acquired under the program and are consistent with program guidelines and forward to the Finance Committee for determination of an appropriate dollar amount. The vote was: FOR – Mr. Baer, Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. The motion passed.

Recommendation: County Council approve placing a land acquisition referendum on the November 2012 ballot, and that 20% of the proceeds be used to improve properties acquired under the program and are consistent with program guidelines, following the Finance Committee determination of an appropriate dollar amount.

INFORMATION ITEMS

2. Annual Report / Rural and Critical Lands Preservation Program

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2.

Status: This report will be made at a future County Council meeting.

3. Consideration of Reappointments and Appointments

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2.

- **Planning Commission**

Status: This item will be taken up at a future meeting.

- **Zoning Board of Appeals**

Status: This item will be taken up at a future meeting.

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AGENDA

FINANCE AND PUBLIC SAFETY COMMITTEES

Monday, July 19, 2010

2:00 p.m.

Conference Room, Building 2

Beaufort Industrial Village

102 Industrial Village Road, Beaufort

Committee Members:

Stu Rodman, Chairman
William McBride, Vice Chairman
Steven Baer
Brian Flewelling
Paul Sommerville
Jerry Stewart
Laura Von Harten

Staff Support

Bryan Hill, Deputy County Administrator
David Starkey, Chief Financial Officer

2:00 p.m.

1. CALL TO ORDER
2. EMS / FIRE SUPPORT STUDY / ANALYSIS
3. TEXT AMENDMENTS TO BUSINESS LICENSE ORDINANCE
4. REVIEW OF COUNCIL RETREAT GOALS

2:45 p.m.

5. DELINQUENT AIRCRAFT TAXES
6. DISCUSSION / ADVISORY REFERENDA REGARDING SCHOOL DISTRICT FISCAL AUTONOMY AND COUNTY-MANAGER FORM OF GOVERNMENT
7. ADJOURNMENT

OPEN FINANCE ITEMS

- Hurricane Revenue Anticipation Notes
- Radio Frequency Identification (RFID) System Purchase for Library Department
- Beaufort and Black Chambers' request for hospitality tax

County TV Rebroadcast	
Monday	9:00 a.m.
Wednesday	1:00 a.m.
Thursday	7:00 p.m.

Finance		
Date	Time	Location
August 16	2:00 p.m.	BIV #2
September 20	2:00 p.m.	BIV #2
October 18	2:00 p.m.	BIV #2
November 15	2:00 p.m.	BIV #2
December 13	2:00 p.m.	ECR

A quorum of Council may be in attendance at all Committee meetings.

Please silence your cell phone during the meeting.

FINANCE AND PUBLIC SAFETY COMMITTEES

July 19, 2010

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

The Finance and Public Safety Committees met on Monday, July 19, 2010 at 2:00 p.m., in the Conference Room, Building 2 at the Beaufort Industrial Village.

ATTENDANCE

Finance Committee members: Chairman Stu Rodman, Vice Chairman William McBride, and members Steven Baer, Paul Sommerville, Jerry Stewart and Laura Von Harten attended. Committee Member Brian Flewelling was absent. Non-committee member Rick Caporale, who serves on the Public Safety Committee, was also present.

County Staff: Sharon Burris, Auditor; Todd Ferguson, EMD Director; Lad Howell, Attorney; Gary Kubic, County Administrator; Donna Ownby, EMS Director; David Starkey, Chief Financial Officer; Edra Stevens, Business License Director; Dave Thomas, Purchasing Director; William Winn, Division Director – Public Safety; and Howell Youmans, EMS Deputy Director.

Media: Joe Croley, Hilton Head Association of Realtors, Richard Brooks, *Bluffton Today* and Josh McCann, *Island Packet*.

Public: Anna Coffman, Hilton Head-Bluffton Chamber of Commerce; Larry Hollman, Beaufort Black Chamber of Commerce; Bruce Kline, Lady's Island-St. Helena Island Fire Chief; George Simpson; and Barry Turner, Bluffton Fire Chief.

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

ACTION ITEMS

1. EMS/Fire Support Study and Analysis

Discussion: Mr. Jerry Stewart, as Public Safety Committee Chairman, introduced Mr. Dave Thomas, Purchasing Director, to review this item with the Committee. Beaufort County issued Request for Qualifications (RFQ) to firms capable of providing emergency medical and fire support study/analysis for the Beaufort County Public Safety Division. This project is a study/analysis to determine the best practical operation procedures for our EMS/Fire Departments as outlined in the scope of work. The evaluation committee consisted of the following six members: William Winn, Public Safety Director; Lt. Col. Neal Baxley, Sheriff's Office; Donna Ownby, Director EMS; Howell Youmans, Deputy Director EMS; Todd Ferguson, EMD Director; Bruce Kline, Lady's Island-St. Helena Island Fire Chief; and Barry Turner, Bluffton Fire Chief. The evaluation committee interviewed the top five firms and selected CRA,

Inc. as the number one ranked firm. The evaluation committee requests the committees approve and recommend to County Council, approval of a contract award to CRA, Inc, the number one ranked firm with the anticipated cost of \$225,963. CRA will have four months to complete the study.

Mr. William Winn, Public Safety Division Director, presented the Committee with a PowerPoint presentation with additional information about the purpose of this contract award. As part of the Council management agenda for 2010, one of the priorities was the EMS review and study process. As we put together and prepared to implement the request, we looked at bringing together not only a selection team to choose the contractor but also a management team that will have the opportunity to oversee what the contractor does, to review the process the contractor follows, and to make sure we achieved the goals we established. Once the study is completed, this will be the management team that will look into how to implement that study after Council reviewed and approved it. He reviewed the selection and management team with the Committee. Part of what we will be doing with this study is looking at the 911 system as part of the EMS system from the point when the telephone rings for a medical call, how the dispatch center processes that call and how it notifies the agencies for response. Most people may not understand our 911 system also provides pre-arrival instructions. They teach people how to do CPR, dislodge something from someone's throat, deliver babies, etc. There are two fire chiefs on the committee representing the fire side of the process and the Sheriff's Office is also represented. We saw an increase in the number of EMS calls where law enforcement has to respond with the ambulances for security operations. This is placing a burden on some of our law enforcement agencies, which is why they are participating in the study.

As part of the study we will review the EMS operations and management. Specifically we will look to organize the way we need to be [structured] for today and for tomorrow with the management and the number of supervisors, on-road supervisors, directors, training officers, etc. Also do we have the appropriate number of people and doing the right things, at the right times? Are we providing the quality of assistance needed by our front line EMS people? We will be looking at the risk/demand/response time. Our stations have not changed in the last 20 to 25 years. We will look at where the stations are located; the types of equipment assigned to those stations, the type of personnel assigned to the stations and whether we need more, less or need to operate a different type of vehicle. There will be an analysis of the run times based on the current location of the equipment and an analysis of the run times based upon the demand we have in different portions of the day. Current EMS issues, such as the first responder program: our fire department in Beaufort County participates in the medical first responder program. We will be looking at the overall first responder program and whether or not it accomplishes our need and is a quality service we are rendering in our fire districts. The study will take a look at our training program and whether we are doing the adequate training needed by our EMTs and firefighters. Cost estimates will also be looked at to give us an ideal. If we make changes, what costs would occur and also what are costs for proceeding in the future and upgrading our change in EMS? Also, how we are going to fund our First Responder Program?

Once this is completed and an analysis is done and reviewed by the management committee to make sure all of the parts have been completed, we will come up with a strategic

plan. Once that plan is completed and is in presentable form, then a formal presentation will be made to County Council to show what was found, the issues that need to be discussed and the recommendations of the consultant and staff. It is very important; the management committee was very unanimous in the selection of this company. They are a very good company with a very good reputation and a quality group of people. They have done this successfully in other places.

With the management team put in place, a very strong part of this study is not going to be the completion of the study but what we do with it when it is over. We have to be able to implement the findings and changes recommended.

Mr. Baer stated this sounds like a splendid idea. Within the area covered, how much do we spend in EMS and fire? Mr. Winn replied it is hard to put a specific number on it because every fire district is different. There is a standard EMS budget of approximately \$6 million, and then each fire district's budgets are different. He stated probably \$8 million to 10 million depending on how it is added.

Mr. Baer thought it to be a good idea to spend \$250,000 to do a better job on such a large budget.

Mr. Rodman wanted to know if Hilton Head Island is in or out of this study. Mr. Winn replied they opted not to participate in the study.

Mr. Rodman wanted to know if we would see this as a final form or would we receive briefings along the way. Mr. Winn stated right now the plan was to bring forth the final recommendations. There will probably be some work sessions in there. It all depends on what we find out. When you open the door like this and have no preconceived ideas, there is no idea what the consultants will find. If they find something astounding, then we will bring Council in for a briefing.

Mr. Rodman stated you do not want to involve Council too early but one briefing might make some sense.

Mr. Winn stated, in regard to Hilton Head Island they have not elected to participate but we have anticipated for Chief Lucas to interview with them and speak about mutual aid between the two and how that operates.

Mr. Rodman stated there has been talk about whether or not there is a marriage between EMS and fire options and wanted to know if that is part of this study. Mr. Winn stated we looked at a consolidation of services. That door has been left open. This study may consolidate the protocols, standard operating procedures, funding, etc. that each district might follow.

Mr. Rodman stated even if you do not consolidate, Daufuskie Island needs a special look in the sense they have two separate ones – EMS and fire. It is quite expensive and they are the one district running a negative balance. We should be looking at a sizable tax increase for them. Given the economy and the bankruptcy, it would be a burden on the people.

Mr. Caporale wanted to know if Hilton Head Island offered any reason why they opted out. Mr. Winn replied in the negative.

Mr. Stewart wanted to know if our interaction with other entities will be looked at as well under this contract or is it strictly Beaufort County. Mr. Winn stated we will be looking at all of Beaufort County and also issues that may affect our surrounding counties. We work not only with Jasper County, but also Hampton County and Colleton County. We will be looking at whether we have sufficient response capability and if not what changes do they propose for the mutual aid we have with those counties.

Mr. Stewart stated a specific section of Sun City crossed over into Hardeeville. Mr. Winn stated when it comes to Jasper County, there is a strong working relationship. Our two dispatched centers are interlocked together. We move phones back and forth and we are interfacing both dispatch centers to make sure we do not lose any calls. If we get a call and do not know whose district it is, we all go and will settle it on location. He does not see any delays in getting to Sun City.

It was moved by Mr. Rodman, seconded by Mr. Baer, that Finance and Public Safety Committees approve and recommend to County Council award a contract to CRA, Inc, the number one ranked firm with the anticipated cost of \$225,963 to perform an EMS/fire support study/analysis. CRA will have 4 months to complete the study. The vote was: FOR –Mr. Baer, Mr. McBride, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Flewelling. Mr. Caporale did not vote since he is not a member of Finance Committee. The motion passed.

Recommendation: Council award a contract to CRA, Inc, the number one ranked firm with the anticipated cost of \$225,963 to perform a EMS/fire support study/analysis. CRA will have 4 months to complete the study.

Mr. Stewart passed the gavel to Mr. Stu Rodman, Finance Committee, to chair the rest of the meeting.

2. Discussion of Advisory Referenda Regarding School District Fiscal Autonomy and County-Manager Form of Government

Discussion: Mr. Rodman presented the Committee with a document showing the difference between a council-administrator and council-manager forms of government. The only difference, other than word changes, is that the treasurer and auditor would work for the County in the Council-Manager form of government, as opposed to being constitutional officers. In the current age, having somewhat of a consolidated financial department in a county would be significantly better than having separately elected officials. As a practical manner, once someone is in office they generally serve for as long as they want. If you had a referendum it would take affect at the conclusion of the next term of that official. It would open up an interesting option – an advisory referendum and then two years later have the full referendum.

Mr. McBride stated when the legislature passed the home rule act; our legislative delegation already previously turned over home rule to the County. At that time, the counties had to have a referendum to select one of the forms and if you did not have a referendum, you automatically converted to the one closest to that of your operations. Since Beaufort did not have a referendum we got the form of council-administrator.

Mr. Rodman stated there are 34 counties with the council-administrator form of government. Two have it where the administrator is elected and two have the county-manager form. One county had gone to it but went back. That county stated it was due to politics and legal actions and not much to do with the form of government. The two counties with county-manager form are York County and Greenwood County. We would be well-served to have the treasurer and auditor as part of a consolidated county financial department. Some of the issues we are dealing with regarding the Treasurer's Office, Council gets blamed for because people think they work for us, Mr. Rodman said.

Mr. Baer stated he would support it.

Mr. Kubic stated at the retreat, Council asked staff to take a look at control centers – functions in which we perform in the general fund in which we have identified 600. In analyzing this process, we need to bring to Council a clear understanding of the relationships among the Auditor, Treasurer and Administrator. There is integration based on MIS functions that changed the dynamic from that, of the historical point of year, with the introduction of technology. You also have to take a look at whether there are areas within that plan/deliver of service that the community, Council and others are satisfied with or not satisfied with. By that, he stated he means public investments. Do you or the community know how the money is being invested? Do you understand public depository relationship, the contracts between the banks, which banks have those contracts, how they got those contracts, who negotiates those contracts, is it a public bid process, and is it the sole discretion of the treasurer? You need to begin to analyze those processes and do a checklist of whether we agree or do not agree. Then there is the option to either decide whether we can create scenarios that are pushed forward through a reporting mechanism. That is how you logically begin to assess the process. The reality is when tax bills go out we are all looked upon as a single unit. Taxpayers, when they pay that bill, only see the bottom line. They do not even understand the lion share of it is the school operation. They already look upon the County as a single entity. The argument of checks and balances has passed, it is just whether or not you are currently satisfied or can improve upon that. He stated he has been making recommendations of an investment advisory board or the creation of private sector units into the Treasurer's Office. There are talented people out there to create a private investment board. It is required in some states and it must report every 90 days to Council in several formats.

Ms. Von Harten stated she supports this and believes we need to take our time and tread carefully because the municipalities and other entities that get public funds will be affected by any sort of change. They too need to be involved in this process.

Mr. Kubic stated one thing is occurring is that you should understand is what Manatron is capable of doing. In the case of the credit card fees, this system gives us the ability to tie the act to the parcel and look at every parcel within the division and set up by agreement a cost allocation formula that clearly shows this property is at 4% and they paid by credit card. You can create the distribution, literally, to the penny. The result of the technology introduced takes out that uncertainty factor as to how you derived to that cost allocation. That is how precise we can get once we are fully implemented and fully know how to enter all of the data into these fields. It is changed. We would like to have all municipalities and all political subdivisions, 30 or more, that can actually get to this. The beauty of this is that there is no mystery to the system.

Mr. Stewart stated credibility is important. We hear that problem all of the time whenever any issue arises. He was told to talk to the county that switched and then switched back to find out the circumstances. He suggested we talk to that county. Also, he stated right now he could not support this form of government. The form we are under is working well. It is not the form of government's responsibility but is the person there. The issue has been before the legislature for several sessions in trying to put qualifications for elected officials. He personally believes that is where the responsibility lies. Rather than change the form of government we currently have, we need to address the root cause of the problem – that is that qualified people are in the position.

School District Fiscal Autonomy

Mr. Rodman stated we met with the School District last Friday. They have two concerns. One is the collection rate being correct and if it is not there will be a problem. He stated he informed them that is an issue for August when we set the mill. In June, we set the amount that would be collected in taxes and the amount that would come out of the fund balance. If the mill value went up or down based on whatever the calculations might be at the time, then the mills itself would go up or down. Second, the District is concerned with whether or not there is adequate money to do what it needs to do in out years. He stated he raised the issue of them not providing Council with the justification in out years in terms of employment and staffing. That discussion basically revealed that the last couple of years the enrollment has been increasing by 100 a year. As they have looked forward in their model they are assuming the enrollment will be roughly double that amount. Trend wise there does not seem to be a lot of reason why it would double. He thinks it is more apt to decline. That calculation would suggest if in fact they went at the historical rate, then that would approximately offset the taxes they are interested in. We did say if the District wanted to come back we would certainly readdress that. They may look at it and decide they are okay or they may decide they think they need a tax increase. When their original plan came in, their fund balance dropped down to about 5% even before we talked about holding the taxes level. Part of that discussion revealed that the New River TIF looks as if it will conclude in June 2013. At that time they will pick up between \$4 million to \$5 million additional amount each year. That will help a bit with the fund balance. There has been ongoing conversation as to whether or not it makes sense for the District to have fiscal autonomy, which means the Board of Education would be totally responsible for setting the taxes for education. It went to referendum approximately 20 years ago and was rejected by the voters. We had a standing offer, in the last couple of years, that if they wanted it to go to the voters it should. Independently he stated he and the Chairman reached the conclusion that maybe it is time to do it

again, particularly since they took the unilateral action to go to the attorney general to ask for an opinion on that. He believes it is time to do so.

Mr. Stewart stated he is concerned about the District's budget to come back before Council for another vote. We had a vote, went through three readings and a public hearing. He would hate to have to have a fourth vote. Would that not constitute going back to the beginning? Could we have a fourth vote and change what we have already done?

Mr. McBride stated we would at least have to go back to first reading, but will yield to the County Attorney, whom concurred.

Mr. Stewart stated as far as he is concerned, it is over. They now have to figure out how to live within their means. In regard to the referendum issue, he suggested there to be three options to go onto the referendum – (1) Leave it as it is, the County consenting on the operations portion of the School District's budget; (2) Give the School District full autonomy; (3) The County to have full control of the School District's budget for all funds. Put all three onto the budget and see what the citizens have to say.

Mr. McBride stated he would support two options on the budget, but not the third. Two options will tell you where people stand.

Mr. Rodman stated when thinking about the operating side, it makes sense to have oversight. When it comes to the debt side, there are two places where they can borrow money – referendum or the 8% piece where they can borrow up to 8% of the assessed value of the County. It does argue there is a degree of control on that already.

Mr. Stewart stated regarding the 8%, they have the right to allocate or take as much or as little of that as they want without any authority from anyone. They can obligate up to the full 8% and the County has no choice in it. There is an argument that having half the budget to deal with is not necessarily a good place to be because it leads us into the situation we are in every year. We should put it to the voters as three choices. It would send a real message to the School District.

Mr. Caporale stated it would take an enormous amount of work for us to tell them in that third option what their future looked like. It would require us in good faith to weigh all of the evidence and documentation that the Superintendent gives to the Board.

Mr. Stewart stated right now we are not getting the full understanding and making decisions without having all of the facts.

Mr. Caporale stated he is in favor of both to measure the public opinion.

Mr. Rodman suggested since the Chairman requested staff weigh-in on the steps, that this is better handled at the July 26, 2010 Council meeting, as opposed to just the Finance Committee. Also, he thinks since there is some interest in considering the change in the form of

government perhaps we extend it to look at the School District referendum and the form of government. This is an important issue.

It was moved by Ms. Von Harten, seconded by Mr. Baer, that Finance and Public Safety Committees forward to Council for discussion and consideration advisory referenda, this fall, for both fiscal autonomy and county form of government. The vote was: FOR –Mr. Baer, Mr. Rodman, and Ms. Von Harten. OPPOSED – Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Flewelling. ABSTAINED – Mr. McBride. The motion passed.

Recommendation: County Council discuss and consider advisory referenda, this fall, for both fiscal autonomy and county form of government.

3. Off Agenda Item – Beaufort Regional Chamber of Commerce/Visitor and Convention Center

Discussion: Mr. Rodman informed the Committee he misspoke for the motion on Accommodation Tax (2% State). At Committee, the motion was for \$35,000. At Council, he misspoke and said \$25,000.

Status: This item will be brought before Council.

INFORMATION ITEMS

4. Text Amendments to Business License Ordinance

Discussion: Mr. Rodman briefed the Committee on this item. This item was deferred until after the budget cycle. In the process we went through, we asked the chambers for their input. There have been a couple discussions in that regard. When we left it, the only issue remaining was in regard to people owning multiple properties and at what point they will have to file for a business license. It is different across the County. We were at five and some of the others were at either one or two. We zeroed in on two. Ms. Stevens concurred, it was two.

Mr. Sommerville stated he will vote against it. The inconvenience and the paperwork for someone with two or three small units is not reasonable. It is not just the money but the hassle of the paperwork and that aggravation. That does not constitute a business.

Ms. Von Harten stated the same could be said for all taxes, “that’s too much hassle.”

Mr. Rodman stated this item has been before two readings of Council. If we wanted to do anything different, what would be the steps to take, he asked the parliamentarian. Mr. McBride stated any change could be done at the Council meeting.

Ms. Von Harten stated an additional tax burden on people with smaller units would discourage people from affordable housing opportunities. Maybe Mr. Sommerville’s point is a good one, but for slightly different reasons.

Mr. Stewart stated, on page six and seven, we talk about implementing this business license user fee board of appeals. We had much discussion on this and he said he believes we felt our Administrator does a fine job and that we do not need to set up another bureaucratic system to cover this. He does not remember having been a part of this ordinance or a definite decision made at that time. He would like to leave this at the hand of the Administrator.

Mrs. Stevens stated nothing was passed in that regard. The Committee was discussing it, but nothing was formal.

Mr. McBride asked the Administrator if he believes that is something needed. Mr. Kubic asked if he is being asked if a change will dramatically affect us or the reason for making a change; he believes in seven years there have been two business license appeals that were trying to make their way to Council for a resolution. The reason that has not increased is because he works with the businesses to try to either waive a portion of the penalty or interest in finding resolution. He believes if Council does not want to create another layer of bureaucracy, leave it with the Administrator.

Mr. Rodman wanted to know if folks always have the opportunity to appeal to Council. Mr. Kubic replied they have the right to take the Administrator's decision to Council if they don't agree with it. Council would then have the opportunity for consideration.

Mr. Stewart stated he consistently brought up the purpose and him disliking that in Section 18-46, page 1. It says the purpose of raising revenue to provide ad valorem tax relief. He does not believe that is the purpose of the business license fee. A lot of the businesses object because it goes into the General Fund and the money is not used for any business development or business related activities. If it were used to fund the business license office, support economic development, the right to work ordinance, workforce development, or a better business bureau, he could support it. Those are the type of things these fees should be used for and specifically identified for. It should not be looked at as a tax. The state code of laws does say it is a tax, but it also speaks about it as a fee. He would much rather see it struck-through and give a reason why we are asking for the fee to show it is business-related.

Mr. Caporale thought it to be an ideal suggestion. He also pointed out that in-so-far as appealing to County Council, it is vague once you take out the business license/user fee board of appeals. You then would not know how they would get to County Council. It needs rewording.

Mr. Stewart said he feels it should go back to what it said originally. There is also another location in the document, Section 18-63 that speaks about the process in getting to County Council.

Mr. Baer stated he agrees with Mr. Stewart's comment about ad valorem tax, but would like to keep the existing language intact. We said at the retreat we were going to begin to use fees to get some property tax relief. He would like the other uses added but the current language left intact.

Ms. Von Harten stated if we are looking at working with municipalities to get thing standardized then business license fees should be a way to offset ad valorem taxes for municipal residents.

Mr. Stewart spoke about CareCore and how in essence they are saying instead of bringing their high-paying, corporate jobs (125 to 150) here they would take them to Colorado, so they do not have to pay the business license fees here. It is a major/significant impact for not only businesses here, but also has a negative impact on future businesses that we are trying to attract to the area. In that discussion it is obvious the municipalities have a totally different outlook. A significant amount of their tax revenue comes from business license fees. They are clearly using it as a tax. I would be hard-pressed to tell them how they should structure their tax base collection, he said. The Hilton Head-Bluffton Chamber of Commerce suggested we come together and agree upon those businesses that we would like to bring into the County for that class of business to have a fee across all governing bodies. There was some discussion of that. From the Economic Alliance/Network perspective, the intent is to bring it before the municipality and have the discussion to see if we can move forward along that line. That is the best that we could hope for.

Since Mr. Stewart used CareCore as an example, Mr. Baer stated it is a great idea to do that on a forward-looking basis, but in the case of CareCore they received a tremendous amount of tax incentives, for which the public paid additional taxes for to make up for their incentives. This Council gave them some incentive by giving them cheap lease of land for their hangar. They then retroactively, after getting all these incentives, wanted to redo the deal. He applauds going forward with a constructive, business-friendly taxation and fee schedule but using an example of someone who reneged on a deal and who got many dollars out of the taxpayers is not a fair example.

Mr. Stewart stated we need to look at it from our point of view and our perspective of what we are trying to do to develop in the region. We have to have some better understanding. If we do have, through the MCIP, agreements, this should be written into that as opposed to being left out.

Ms. Von Harten suggested as part of the path for moving forward, we look at our "whereas" in this ordinance because they pretty much say our business license ordinance is "sucky" and we need to make it less sucky, but it is not specific." We need to take items in our economic development section of the Comprehensive Plan and include some of those recommendations and "whereas" to get at the heart of some of these issues. We want to incentivize companies.

Mr. McBride stated as pointed out, less than 1 percent of the County revenues come from business license income sources. Obviously we are not overtaxing. Also, when the state legislature gave the County the ability to pass the fee tax, one objective was to give the counties an alternate source of revenue to offset property tax. If we want to bury our heads in the sand and say we do not want this revenue that is fine. If you take the fee from the businesses it will be put

onto the homeowners. If this money is going into the general fund budget, you still have to use the general fund to do all these things people want to designate the business license fee tax for due to more flexibility. He does not see the need to designate the business license fee tax for a particular category when it goes into the general fund, which could be used for whatever we feel the need is for the County. The other issue is about whether or not to tax those with two or more rental units. If they do not want the income, do not rent the unit. Two is a reasonable amount.

Mr. Rodman stated we have many text changes before us. It would be good to move that forward, get it finished and get it out there. Coming out of the County retreat, we have an obligation to go back and look at the whole fee structure. The fee related part of this should be looked at with the overall assignment that we have been given. He suggested to staff, to dispose of the three items we spoke on and asked staff to fold those in one more time. We then would take one more look at it, at committee level, and forward them words before Council. We have an obligation to look at all of the fees. We will be better off looking at these fees as a part of all of the fees separately.

Mr. Sommerville disclosed that he owns one rental property in the County.

Mr. Rodman wanted to know who was in favor of two rental units requiring a business license. Mr. Baer, Mr. McBride and Mr. Rodman supported that language. Mr. Sommerville and Ms. Von Harten opposed the number two. Mr. Stewart abstained. The number two should be written into the proposed ordinance.

Mr. Rodman wanted to know who was in favor of eliminating the business license/user fee board of appeals and rely on it coming back before the Administrator. The Committee unanimously agreed.

Mr. Rodman wanted to know who would like to modify the language relative to the purpose of business license fees. (1) Should we remove the purpose to relieve property taxes or (2) Should we add to the purpose?

Mr. Stewart said he would like to eliminate the language "and for the purpose of raising revenue to provide ad valorem tax relief" in section 18-46.

Mr. McBride said he does not see how the balance of that harms the purpose of the ordinance. Any additional income that comes into the County is for the purpose of raising revenue.

Mr. Stewart stated he is opposed to the fact this is called a tax. If we are going to have this as a tax we need to reopen the entire idea of what taxes are to businesses. You are adding another layer of tax upon a business.

Mr. Kubic suggested taking more time to talk about the difference between what is a tax and what is a fee. There is a series of class action lawsuits in North Carolina brought forward by the business community, which argue a business license fee is actually a tax. By way of analogy,

if you take the military and talk about stormwater fee, the federal government is now arguing that our stormwater fee is a tax. The reason for that is as an exempt organization they are not subject to pay a tax. He suggested we review the definition of what constitutes a fee and what constitutes a tax be entertained in this discussion.

Mr. Rodman stated Ms. Von Harten raised the issue of the "whereas." He suggested she draft them for the Committee to consider.

Recommendation: The Business License staff makes the appropriate changes to the proposed ordinance and brings it back before the Committee for consideration.

5. Review of Council Retreat Goals

Discussion: Mr. Stu Rodman stated coming out of the Retreat where ten priority items that were policy issues and ten that were management items.

POLICY AGENDA

Spec Building/Commerce Park

Mr. Rodman stated this item falls under the Public Safety Committee. There is a funding issue there.

Mr. Stewart stated there was a renegotiation with the bank, which will be renegotiated in December. Assuming they continue the way they are, it could take up to early summer next year. It depends upon what the bank decides to do. There are issues that need to be discussed. Other parties are dealing with those issues.

Alternative County Revenues/Fees Update

Mr. Rodman stated he will touch base with the staff as to how to come forward with this in a logical fashion. It is going to start with our current revenue, what may happen in the future and then talk through each various revenue/fee. It would be done from a conceptual/policy basis rather than with a great deal of detail on each one.

Mr. Baer stated the Airport revenue one seems to fester. It has been longer than a year now and the accumulated losses as of last month were about \$1.95 million out of the General Fund.

Mr. Rodman stated we will begin the process of looking at these.

Rural Critical Lands: Current Program/Future Direction

Mr. Rodman stated we have already made a decision on this item and it can be taken off the list. We deferred any referendum until 2012.

County Services Review and Prioritization

Mr. Rodman stated this is the responsibility of the Executive Committee but there will be pieces that Council will have to look at relative to debt service and millage rates.

MANAGEMENT AGENDA

County Campus Buildings Renovations

Mr. Rodman stated the County is underway on this.

St. Helena's Island Library at Penn Center

Mr. Rodman stated the County is underway on this.

Smart Decline Contingency Plan

Mr. Rodman stated the Chairman has made the case that we could have a severe impact on taxes collected because of the downturn in the housing market. We need to be proactive. He stated he had a conversation with Mr. Starkey and Mr. Hill and it sounded as if the logical first step would be to look at the revenue side and look out two-three years as a suspected case, good case, and bad case scenarios. Then we can launch off of that to see where we go for the next step.

Mr. McBride stated he was under the impression the County Administrator already implemented the Smart Decline Contingency Plan with not filling vacancies and cutting back expenses.

Mr. Stewart stated this is the second item that falls under the Executive Committee. He suggested Mr. Rodman perhaps see to us having an Executive Committee Meeting. There are several county services we need to review and what our role should be.

Financial Policies: Review

Mr. Rodman stated there are some policy issues that have been assigned to the Committee. Staff has the lead on these, but they come back before the Committee.

Transfer of Development Rights

Mr. Rodman stated this is the responsibility of the Natural Resources Committee.

Mr. Sommerville stated there is a subcommittee of Lowcountry Council of Governments meeting this week to come up with some proposed recommendations on initial implementation.

Daufuskie Island Plan

Mr. Rodman stated this is the responsibility of the Natural Resources Committee.

Emergency Medical Services

Mr. Rodman stated this item was discussed earlier in the meeting.

Mr. Rodman stated now t we are through the budget cycle, we need to tidy as much of this up as possible before the next retreat.

Mr. Baer stated he would like the minutes to be clear that our retreat policy agenda clearly indicates use of fees as a County revenue source is a high priority. Airport fees are at the top of the list shown. We have known for a year the airports are losing money, primarily on the general aviation side. As of May 31, 2010, this cumulative loss is \$2.3 million total, with \$1.95 million for Hilton Head. This money has to be borrowed from the General Fund, paid by taxpayers. Despite these continued losses, we still have no plan in place to study or deal with this issue.

He also stated we spend a lot of time and money at our annual retreats. I have been to four of them now, and feel we could do a much better job with some collective pre-planning. At the moment, the retreat procedures seem to drop down on us without any input from the body of this Council. For the upcoming retreat he stated he would like to see a small sub-committee of County Council members develop recommendations for goals and methods long before the start of the retreat. He volunteered to serve on that team.

Mr. Rodman thought it to be a worthwhile suggestion.

Status: This item is for informational purposes only

6. Delinquent Aircraft Taxes

Discussion: Mr. Rodman reviewed this item with the Committee. Analysis was put together and he summarized it. From 2004 to 2000 we collected about 90% of what was billed. Since 2004, we dropped to collect approximately 35%. The dollar amount collected per year averaged about the same. There has been a lot of discussion of whether we have taxes being unpaid or bad record keeping.

Mr. Starkey created a schedule, which he presented. The schedule was broken down by property type and the amounts collected as of June 30, 2010, without the 60 day accrual. There has been an adjustment over the last month on aircraft. The total amount billed shrank and the total amount collected grew. He stated he can only present the facts. The intricacies of that are related to the Auditor, who is responsible for the billings of the aircrafts. The original roll had 107 aircrafts through April 30, 2010, at which time in June the number shrank to 82. That is why

the percent collected got better. Only two additional aircrafts have been paid for from April 30 to June 30. The percent collected jumped from 25% to 75%.

Mr. Rodman wanted to know if we are making progress on this. Mr. Starkey stated he cannot speak too much for the Auditor, but she took some aircrafts off the roles.

County Auditor Mrs. Sharon Burris spoke before the Committee. We took aircrafts off the books as of June. That happens throughout the year. After we initially bill them out from a listing we receive from the S.C. Department of Revenue who gets their information from the Federal Aviation Administration. The FAA sends to SCDOR all aircraft registered in South Carolina. SCDOR, by the 46 county zip codes, goes through and sends the counties their portion of the taxable aircrafts. What happens though is we receive a listing and after we bill out in October, based on the list from SCDOR, we receive information from several sources such as the individual tax payer who provides us with a bill of sale, or information sent to FAA stating the aircraft has been moved or never actually here. Some aircrafts were never actually here but registered here to keep from having to pay sales tax in the state they are actually in. There is a \$300 ceiling on sales tax in South Carolina. If they register, initially, in South Carolina they pay a simple \$300. If they registered in another state with a 7% sales tax or no ceiling on their sales tax, which is the majority of the states, they would pay according to the amount they purchased the aircraft. At one time, we had 10 aircrafts listed to Executive Jet built by Gulf Stream. They registered in Beaufort County, paid the \$300 on each of the multimillion jets when in fact the aircrafts were too large to land here. They were landing in Charleston, S.C. who was able to pick up some revenue from the taxable aircraft once they were notified. We lost the lawsuit we had with Executive Jet. We usually wait for the information to come to us to take it off the books because it requires certain things such as a valid bill of sale, and information from FAA. The big one off the books is Jade Holdings which was a helicopter and was never here. The registration never changed. They had it going to a post office box on Hilton Head Island. There are two airports in Beaufort County that unless we can match them up with a primary residence, they are put in the taxing district closest to the post office box.

Mr. Baer stated he is the one who looked up the helicopter. He stated he has a list of 24 aircrafts that have not paid their taxes. Mrs. Burris corrected him, there are 28, but as of today we have removed five of those.

Mr. Baer stated one of them, King Air, LLC who has a registered agent on Hilton Head and they owed us back years as well — amounting to \$33,451, and \$15,568 for this year. Is there any way to get the N numbers of these planes? If we can get those numbers, we can figure out where they are.

Mrs. Burris stated she has N numbers she would be happy to provide. The collection of taxes, she stated, is not under her purview. We cannot go out and collect those taxes nor can she notify the people. She can only send a tax bill to them. What happens in most cases is if an aircraft is on the books with prior years, unless it is situated (where the client company is incorporated) here, then we can collect at least the first year's taxes that are outstanding. If they prove they had no situs here, we cannot even collect those. It is her understanding there are

certain standards/procedures to be followed in order to collect. That being said, there has been a lot of controversy on what you can and cannot do. Liens have been placed on several of these aircrafts since this has come up. Mr. Robert Croom, a lawyer with the SCAC, did send the County the procedure that has to be used in order to attach the aircraft, which is much more in-depth. Attaching a lien is much easier. Attaching the aircraft and taxing possession of the aircraft and selling it at a delinquent tax sale is a lot more intricate than people realize.

Mr. Baer asked she provide the N numbers and he will see where they are, etc. She replied she will be glad to provide that information.

She also informed the Committee a lot of the counties she contacted with aircrafts and that have much of the same situation, said they have passed an ordinance in their county to tax at 4%. You can either have the rate of 4%, 6% or 10.5%. The counties that responded say once taxing at 4% they see less registration of aircrafts. In addition to that, the counties also said they used the debt set off program with the S.C. income tax for collection of the aircraft. The county or entity that uses them pays a flat fee of \$25. They take the income tax refund and the program gets all or some of the refund to cover the taxes.

Mr. Baer stated it would be interesting if we find one of these tax non payers in our taxpayer's subsidized hangars.

Mr. Caporale asked if there were a solution to this, what the Auditor's suggestion is. Mrs. Burris stated there are a lot of rules to how long the aircraft has to be here and it must be noted here. She stated in previous years she has contacted both airports and their directors asking for information. The law, in South Carolina, only provides the airport managers with a name and address. They do not have to relinquish any other information. We have to be able to ascertain that the aircraft has been there, has not left for any period of time, which is very difficult to do. Unless the delinquent tax collector could station someone out there to watch the aircrafts coming and going, it is hard to find out if they have been here for 180 consecutive days.

Mr. Caporale stated it strikes him as a calculated loophole that was crafted by someone who wanted to provide an opportunity for some people to keep from paying a legitimate tax.

Mrs. Burris said she thinks, in conversation with our legislative committee, the debt set off plan seems to work well for the counties who have similar numbers to Beaufort County's aircraft numbers.

Mr. Caporale said he wanted to know if this was the Treasurer's purview. Mrs. Burris replied in the affirmative. It would be the responsibility of the delinquent tax collector, which in some counties is separate from that of the treasurer's office. Ours is one of six that does not. The delinquent tax collector, in those counties, reports to Council.

Mr. Rodman wants to know how that is decided. Mr. McBride replied referendum.

Mr. Rodman stated he agrees with Mr. Caporale. It seems in charging \$300 in sales tax we should at least be entitled to the first year's worth of property tax on that aircraft. Is there a way for us to get there?

County Attorney Lad Howell reviewed the basic procedure for delinquent taxes to the Committee. He stated, in looking at it and with assistance from Steve Hughes, with Howell, Gibson and Hughes, who has been handling a lot of the lawsuits regarding the collection of delinquent taxes, the Auditor did a good job informing the Committee that although it appears to be simple at first, it is only simple to file a lien. That is what is done after they do not pay taxes. The Treasurer's Office is responsible for filing that lien. The Auditor identifies the aircraft. The \$300 ceiling in South Carolina for quite some time and is a loophole. There is no valid solution unless the legislature gives us one. It is done not only with boats and aircrafts, but is also done with automobiles. "We are a border state [sic] and frequently purchases are made here, they pay our sales tax but are not registered to pay our taxes," he said. Florida has a huge sales tax and so does North Carolina. Our sales tax is low which is done for convenience. Until the legislature closes that loophole, there is not much we can do to remedy that situation. When it turns up, you abate the taxes on it because it is not a true vehicle/plane/boat in which we can collect personal property taxes.

The procedure followed by the Treasurer and her delinquent tax collector, Mr. Herschel Evans, is simply laid out in the code. It provides they give the taxpayer notice they are delinquent after a period of 30 days. They will then send another notice that puts a 3% penalty on top of what is owed, and then additional penalties of 7% and 5% are tacked on. If there is still no response, the delinquent tax collector begins the process of trying to attach the property and sell it. The code outlines a procedure, whereby the sheriff is authorized. When the procedure is met, all of the notices have been sent out, the taxpayer has yet to respond and has not paid anything, and then we have to find the property. The sheriff is given an execution by the delinquent tax collector, has to go out and physically seize the property. It is very difficult to seize property, but even more difficult when dealing with a boat or aircraft. The particular property can be in another jurisdiction. What does the Treasurer do to find out where that aircraft is? All you can do is track the records through the FAA. Generally, if you find it, it is then difficult for the sheriff to seize it. He will have to have a bond put up to safeguard the aircraft and then must find a place to secure it. You cannot leave it outside because we are responsible for the safekeeping. The sheriff has about 30 days before he can call a sale, which is an auction to sale the property. In the case of an aircraft, unlike a documented vessel, we do not have to go to federal court. If we can find the aircraft here and are lucky enough it is in our hangar, we can change the locks on it and take that opportunity. We have to prove to the letter, every requirement that the law requires. If we miss one step, then it is reversed, the taxes are abated and we have lost the case. We have had that happen. It is an expensive proposition. Assuming the aircraft is in another state, there is a code provision that provides we can petition the attorney general who can bring a civil action, in this state, and there are certain commodity provisions between the states where we can send to the other state to collect. That is a very burdensome process. He doubts it has been done many times. From a practical standpoint, when you place a lien on an aircraft, after the first penalty notice, the aircraft owner will come forward and pay those taxes. When you place a lien it tells a prospective purchaser they cannot purchase the aircraft unless they pay off Beaufort County.

That is leverage and is the best leverage we have, no seizure. Seizure is a last resort and must be weighed carefully.

Mr. Rodman stated it seems perhaps we, as a County, might want to suggest some legislative change. In the case of an aircraft, \$300 gets lost in the rounding. Treating boats, vehicles and aircrafts as the same thing may not make sense. There may be a way we can capitalize on the first tax payment. Also, is there any logic in saying if you are taking advantage of South Carolina to pay the sales tax you must also pay the first year's property tax.

Mr. Rodman wanted to know if it makes sense to say this is an opportunity for the state and the counties to close a loophole. Mr. Howell agreed. There are many things we can recommend to the legislature and this is one of them.

Mr. McBride stated that capped tax got in place when the legislature first passed the education improvement act and that brew from opposing it. They had a very strong lobbyist and that was a compromise that was made. It has been in place ever since.

Mr. Rodman asked the Administrator to look at this and see if it is something we want to weigh in on. It would be good for the State of South Carolina.

Mr. Rodman wanted to know if the County would be in a better position to go after the delinquent taxes rather than that of the Treasurer's Office. Should we be considering that as a way to make it easier and to collect more taxes?

Mr. Howell stated the Treasurer's Office has had that responsibility since the legislature created that office many years ago. It could be changed but would have to be done with the Justice Department approval. It would have to be done by ordinance and probably with the encumbering agreeing upon it. We made that change years ago on an elected official but the elected official concurred. If you had an incumbent who was not willing to do it the process would be more difficult.

Mr. Rodman asked, aside from the process, would the County be in a better position to collect more money than the Treasurer. Mr. Howell stated that is a political question and he is not qualified to answer it.

Mr. McBride suggested the Count Attorney to call Mr. Robert Croom, SCAC, about the delinquent tax collection because he heard a different twist as to how it can be done. Mr. Howell stated they had this discussion at the last seminar. There is a difference of opinion. He stated he does not believe it can be done by Council without including the opinion of the elected official involved. It could have been done years ago, before home rule, but not now.

Status: This item is informational only.

NATURAL RESOURCES COMMITTEE

March 14, 2011

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

The Natural Resources Committee met on Monday, March 14, 2011 at 2:00 p.m., in the Executive Conference Room, Administration Building, 100 Ribaut Road, Beaufort, SC.

ATTENDANCE

Natural Resources Committee Members: Chairman Paul Sommerville, Vice Chairman Brian Flewelling and members Steven Baer, Gerald Dawson, William McBride and Jerry Stewart attended. Non-committee members Weston Newton and Stu Rodman also attended.

County Staff: Tony Criscitiello, Division Director – Planning and Development; Bryan Hill, Deputy County Administrator; Ladson Howell, County Attorney; Colin Kinton, County Engineer; David Starkey, County Chief Financial Officer

Media: Richard Brooks, *Bluffton Today*; Joe Croley, Hilton Head Area Association of Realtors.

Public: Kevin Dillon, Senior Vice President of Construction and Development Tanger Outlet Centers; Mark Orlando, Assistant Town Manager Town of Bluffton; Tim Schwartz, Laurel Bay Storage

Mr. Sommerville chaired the meeting.

ACTION ITEMS

1. Development Agreement – Tanger Outlet I.

Discussion: Mr. Sommerville introduced Mr. Criscitiello to give some background.

Mr. Criscitiello said the Natural Resources Committee members have a copy of an amended development agreement between Tanger Outlet Center and Beaufort County, as related to the Tanger Planned Unit Development (PUD) and implementation of the development agreement in cooperation with the PUD. In exchanges over recent months, it became difficult for the Southern Corridor Review Board (SCRB) to review and approve an outparcel. This outparcel is for the Olive Garden restaurant within the Tanger site. There was a difference of opinion in regard to the perpetuation of the ordinance as it relates to the general powers, duties and responsibilities of the SCRB in Section 106-581 of the Zoning and Development Standards Ordinance (ZDSO), which places decision-making by the board with development in context to the general surroundings. That provides for the Corridor Review Board to make judgment calls in regard to context-sensitive design. There is another section of the ZDSO, Appendix B, dealing

with the implementation of the design and development standards as it relates to a particular project. In that section of the zoning ordinance, two things are identified: roofs and wall materials. Those are enunciated in that section of the ordinance, which provides for the board, if it so chooses, to approve tile roofs, stone and brick as a finish on the sides. There have been discussions; he said he believes the Committee Chairman Mr. Sommerville had with the SCRB, in which the board indicated it wishes to remain in its position regarding the implementation of the ordinance, relying on Section 106-581 of the ZDSO. With that said, Mr. Criscitiello pointed out several items on the amendment to the development agreement. On the bottom of the first page it says, "WHEREAS, it was the original intention of the parties that Development on the Property, including the outparcel lots, would not be subject to corridor review in accordance with Section 106-581 of the ZDSO; and ..." Mr. Criscitiello went on to explain the next paragraph. At the time of the development agreement negotiation, the owners did not have an agreement completed for the lease of or development of the outparcel lots, and therefore could not submit plans or designs for such outparcels in advance of the approval of the development agreement. With those two sections, he directed the Committee then to Article XII, Division D of the development agreement. This states the "design review and approval consistent with Chapter 106, Appendix B, Section 4, Paragraph A1 and subparagraph A2 Development of the Property shall be the responsibility of and made by the Planning Director and County Administrator and not be subject to the corridor review ..." In effect, that says the County Council, through the enactment of this section of the development agreement stipulates the zoning ordinance is internally consistent in various parts of the ZDSO. For example, if tile roofs and stones are deemed as permissible materials under the elements allowed for design review the County Council thereby stipulates in its development agreement that the Planning Director, in concurrence with the County Administrator, can approve the material specified. The development is consistent with the overall appearance of the Tanger Outlet, and these modifications can be made to the development agreement to further the project.

Mr. Sommerville thanked Mr. Criscitiello for the summary and said everyone knows this outparcel is for the new Tanger I Center, which will have a grand opening on March 31. Tanger saw fit to invest "upwards of \$50 million in our county during a down economy, for which we are eternally grateful," Mr. Sommerville said. As part of the process and investment, the County negotiated a development agreement with Tanger Outlet Center (hereafter Tanger). The County specifically excluded Tanger from the SCRB because it knew exactly what it was looking at, he explained. When it came to the outparcels – four outparcels – it was the County's intent to exclude them from the SCRB. Unfortunately, Tanger could not tell the County at the time of negotiation exactly who those outparcels would go to, and therefore the County had nothing to approve or specifically exclude from the SCRB. This left the outparcels subject to the SCRB with some caveats. One of those was that the outparcels do not have to be architecturally consistent with Tanger. This is a big deal, Mr. Sommerville explained, as often context is a focal point for the SCRB. He added that they knew whatever company chose to locate in the outparcels was likely to have a national brand that may not be consistent with Tanger. Mr. Sommerville went on to give some examples of the progression. LongHorn Steakhouse was the first to come forward to be approved and they were approved, but were approved in the context. The SCRB chose to review context, which it was specifically asked not to do although it technically has the right to do so. "The Corridor Review Board has very broad authority, very

broad, and this is not a criticism but a statement of fact,” he said. LongHorn Steakhouse was required to make major changes in order to be “contextually appropriate” with Tanger. Then, along came Panera Bread for another outparcel; same thing. Panera Bread’s branding was initially not considered consistent with Tanger I. The SCRB had Panera Bread change significantly to become consistent with LongHorn Steakhouse and Tanger. Along comes Olive Garden, the reason for this meeting, and they had the same problem. Mr. Sommerville then handed out several sheets with Olive Garden’s proposals, each redone after the SCRB raised concerns and asked for a revision. They made aesthetic changes to make it more appealing, but at the end of the day the Review Board was concerned about two things – natural stone and tile. Both of these are permitted in the ordinance as Mr. Criscitiello pointed out. The SCRB basically said they do not like stone and tile. Olive Garden, from its point of view, made major changes and concessions, returning five times to say finally its branding requires the restaurant to have some stone and some tile. This resulted in an impasse. Tanger, the company which invested \$50 million in our economy, desperately needs anchor outparcels in order to make its investment successful, Mr. Sommerville said.

Mr. Sommerville further explained the Development Agreement Subcommittee of Natural Resources then met to review the Tanger – Beaufort County development agreement and possible changes to review or reinforce / emphasize the points it tried to make in the original development agreement. During the meeting of the Development Agreement Subcommittee it concluded it would return to the SCRB and in the strongest possible language tell them there is not a problem with stone or tile and ask for a reconsideration on the position of stone and tile in order for Olive Garden to move forward to become the anchor tenant for Tanger I. Mr. Sommerville went before the SCRB to explain this and as an effort to not insult any of the boards or “emasculate them.” In development agreements, Council has the right to put these boards in or leave them out. When Mr. Sommerville went before the Southern Corridor Review Board he explained what happened at the Development Agreement Subcommittee. However the board conveyed to Mr. Sommerville they did not care what the development agreement said or did not say, they do not approve of stone or tile. At that point, Mr. Sommerville said he realized it was pointless to send it back to the SCRB because they do not want it, they will not approve it and it is uncertain whether they care what is recommended. Their decisions are based on aesthetics. There is a development agreement here, and the Council has every right to change it, Mr. Sommerville stated. The initial Subcommittee recommendation was to do so, and it is a method of accomplishing the result of getting the Olive Garden restaurant approved so it can be built in Tanger I. This project dragged on for a year and a half, and Tanger has \$50 million invested. LongHorn Steakhouse completely changed its branding. Panera Bread completely changed its branding. Olive Garden significantly changed its branding, but reached a point where they cannot compromise to give up all stone and all tile. Mr. Sommerville then went on to explain he sat down with representatives from Olive Garden. He asked if they cannot compromise on stone or tile whether all 750 restaurants have stone and tile. The Olive Garden representatives said no, not all of their stores have stone and tile, but they have a new president who wants all 750 restaurants to comply with the “Tuscan farmhouse” look. The “non-prototypical” ones are on track to be converted within the next few years, according to the representatives. He cited the Columbiana Mall Olive Garden restaurant as an example of “non-prototypical.” This is a very touchy situation, but as far as he is concerned the Southern Corridor Review Board did its job by

making major changes to the initial project and Olive Garden gave a lot, Mr. Sommerville said. Today, the Natural Resources Committee has a non-committee recommendation.

Mr. Criscitiello added beyond matters of stone and tile there were signage issues. Documentation covering those topics are included in the weekly packet although they were not given to Natural Resources Committee members prior to the meeting. The signage matter has to do with the placement of signs on the building, but that is a secondary, minor issue.

Mr. Sommerville asked what the recommendation for dealing with signage is, and Mr. Baer asked for examples. Committee members then reviewed a plan drawing.

Mr. Criscitiello explained the plan drawing by saying it has to do with architectural features. They do not vary from the sign surface or the amount of signage allowed, but they simply provide the opportunity to shift the sign to an appropriate location given where the tenant will be in the complex, and where architectural features such as towers will be located. Also, some of these buildings front on two streets and request signage on the front and side of buildings to correspond to that. Those are the orientations of the signage.

Mr. Baer asked for more clarification on the changes.

The changes to the development agreement – Article XII. Permitting Procedures, Section C. Signage, Subsection 2. Tenant Signage – create the ability to have signage facing multiple directions, Mr. Criscitiello explained. This allows for the signs to be placed in such an orientation as that it can be easily seen by those walking the complex. Mr. Criscitiello emphasized it is not a change to either the total amount of square-footage of signage allowed, but it has to do with where the sign can be placed on the building so tenants can be identified.

Mr. Baer asked for a “to-from” comparison. Mr. Criscitiello answered that the original development agreement was not sensitive to this type of nuance, so the development agreement allows for dealing with the design, size, orientation of buildings and the total number of signs allowed per tenants.

Mr. Stewart noted he is a member of the Development Agreement Subcommittee, although not from day one. There have been lengthy meetings with attorneys and the parties discussing this topic. This proposed amendment to the development agreement was not what was agreed upon by the Development Agreement Subcommittee. The development agreement is between Tanger and the County, not Olive Garden. Mr. Stewart said he thinks the crux of the issue is that in the original development agreement there was no agreement to keep the SCRB from opining on the outparcels; it only excluded the retail stores. The recommendation and concern was that since the SCRB does have the authority to weigh in on this, they are not under the control of Council but under the state ordinance. Council adopted the state procedure to have a corridor review. But there is a concern with the precedent set, Mr. Stewart stated. There are numerous examples with Greenlawn’s awning issue and the Northern Corridor Review Board not wanting to approve awnings. There are other examples of disagreements with corridor review boards such as a Food Lion in the southern part of the county or BMW in Greenville. The

problem is there has never been a step taken such as the one proposed, which would be precedent setting. Mr. Stewart concluded by saying he supports Olive Garden and the overwhelming majority of his constituents who talk with him support it as well. He added he is concerned however with what is being proposed: taking this out of the hands of the Southern Corridor Review Board and passing the decision-making authority onto the head of the Planning Department. If this is what the County wants to do and there are problems with the corridor review then those should be addressed, Mr. Stewart said. A decision should be made on whether the County wants to really continue having a corridor review or is it the intent of this Council to rewrite and eliminate the corridor review, he asked. Mr. Stewart said he is in between; he does not like the way this is going as he thinks it is a bad precedent.

Mr. Flewelling commented that he understood Mr. Stewart's concerns with setting a precedent in this particular case, but countered that it seems, perhaps, that this precedent for this particular parcel was already set by the development agreement for the remaining part of the tract. With all that being accepted from the SCRB, the Council is simply reviewing Outparcel D under the same process as the others. He said he does not have a problem with this amendment.

It was moved by Mr. Flewelling, seconded by Mr. McBride, that the Natural Resources Committee accepts and forwards to Council an amendment to development agreement between Beaufort County, South Carolina and Tanger Hilton Head Outlet Center I.

Council Chairman Weston Newton said he was on the Development Agreement Subcommittee that negotiated all the contracts with Tanger relative to this topic, and he gave a bit of background. On January 24, the Development Agreement Subcommittee met and proposed an amendment be brought to Natural Resources Committee. This proposed amendment was not that the decision should be made by the Planning Director or the County Administrator, he explained. The text of the Subcommittee's recommendation was not included in this meeting's documentation. The Subcommittee recommended instead a clarification of the intent of the original development agreement and that it be sent to the Southern Corridor Review Board reflecting the intention of the parties at the time the deal was negotiated. Mr. Newton then digressed to note that during the Council's annual retreat members discussed a desire to be more business friendly and he agrees whole-heartedly. However, Mr. Newton stated the County starts on a "slippery slope when [it] engages in a make-it-up-as-[it]-goes process." That is what this proposed amendment to the Tanger Development Agreement is, and as Mr. Stewart mentioned it sets a precedent. Mr. Newton said it would send the message that if an applicant does not like what the corridor review says just come see the County and it will get fixed. All 11 members of Council will not always agree, nor will they agree on what the aesthetics ought to be, Mr. Newton said. Further, six members may not agree with the decision being discussed currently. Under state law, once a corridor review board is created, unless the board's scope is limited which was done in the development agreement, it is the board's decision to make, Mr. Newton explained. The Southern Corridor Review Board and its establishment represents a balancing of the interests – of people in Beaufort County – to determine that the corridors have consistency and a higher level of aesthetic standards than otherwise may be there. He noted this effort feels like the County is trying to let the ends justify the means, and government just does not work when that is the approach. During the January meeting, those present agreed on an amendment

everyone recognized conceptually represented the “benefit of the bargain.” Those particular items in the ordinance were recognized as being permitted during the time the development agreement was negotiated and the language would be tightened before going back to the Southern Corridor Review Board.

Mr. Newton said he appreciated Mr. Sommerville’s comments on his having talked to the Southern Corridor Review Board and some of those members saying they did not want to see the matter again, but that is itself an abuse of discretion when the board says it is not worried about the requirements. He said he believes the decision made today should reflect the intention of the parties at the original negotiation of the development agreement rather than making up new rules by proceeding with the proposed amendment currently before the Natural Resources Committee. If the matter goes before the Southern Corridor Review Board to only be rejected again, then there is an appellate right to the courts, Mr. Newton explained. The bigger issue is given the Retreat discussion and challenges faced today with regard to more productively processing applications in the county, should there be a corridor review. Mr. Newton stated despite that, there is a corridor review today and it represents a balance of all interests as does the ZDSO. Rather than “make-it-up-as-you-go” he said he thinks to be true to the process the amendment should be made as recommended out of the Subcommittee in January and then send it back to the Southern Corridor Review Board.

Mr. Stewart said another key part discussed was that the rules cannot change after the process starts, but they should be consistent. He suggested going back to the minutes from the Development Agreement Subcommittee and pull out, then put into the amendment, specifics about the intent. That way if it goes to the courts at least there is an understanding on what the discussion entailed.

Mr. Flewelling said he could not see anyone saying this amendment was “made up on the fly” because these plans specifically have been around since June 2010 to work through this process. Ultimately, the County is responsible for this and if the decision is to remove from the Southern Corridor Review Board in order to make it consistent with the rest of the property in that it is not subject to the Southern Corridor Review Board he does not have a problem with it. Ultimately, he said he trusts Mr. Kubic and Mr. Criscitiello’s judgment in these matters. He said he never thought when voting in favor of Tanger that the outparcels would not be included at some point in the future; he never thought it would be treated any differently than the rest of the property.

Mr. Newton asked how Mr. Flewelling thinks this is being treated differently from the rest of Tanger, and Mr. Flewelling answered that the rest of Tanger was not required to go through the SCRIB for approval. Mr. Newton said it was, but it was limited by the development agreement. Mr. Flewelling stated he thought those limitations were agreed upon by County Council.

Mr. Baer changed the subject to state he does not understand the sign and the figures were not attached in the documentation handed to Council prior to the meeting. He said he does not understand the demonstration and explanation Mr. Criscitiello just gave. He specified

documentation for changes in the sign rules, particularly in Paragraph D. Procedurally he said he thinks it is premature to approve this change.

Mr. Stewart said he thinks it is important to know the signage matter never came before a Subcommittee, but this has been added. Mr. Criscitiello agreed and explained that the sign issues came up as a result of review by the Zoning administrator and the ability of the Zoning administrator to issue sign permits in Tanger. This is very late in the process of the center trying to open, and the most expeditious way to provide a path forward for the developer was to present it in this manner. He said they did not know this issue was going to be an issue until tenants began showing up and the ability of tenants to be in the stores with signs directly over or above them to show the public where to find the products was limited. This change was by necessity coming forward in this manner.

Mr. Sommerville said perhaps he is confused.

Mr. Criscitiello clarified; this signage amendment is about the inability, based on the sign ordinance currently in place in Beaufort County, for this center to open with the signage in the appropriate location to correspond to the tenants inside the building. No one could foresee that until very recently, he added. Mr. Sommerville asked if this ever went before the SCRB, and he said it did not. The County's general sign ordinance that would otherwise control signs within Tanger does not provide the opportunity to address the signs in Tanger as it is needed. There is a deadline for the opening, Mr. Criscitiello noted. Mr. Sommerville summarized by saying this does not have to do with the SCRB.

Mr. Baer said he has no idea what is going on with the signs. A picture would have been handy, the exhibit would be handy, he said. Mr. Criscitiello offered that they are on the screen, but Mr. Baer stated he prefers to read the material over the weekend. He said he would probably have been happy otherwise, but he is getting information at 2:00 p.m. and it does not allow him enough time to understand the matter.

Mr. Stewart said he hopes Council members appreciate that if they are having problems with these topics, they should think about the businesses trying to come into the County to do business with the kind of archaic rules and out-of-control inconsistency in all of the County's procedures. He said a year and a half to deal with the issue of Olive Garden before it even appears before the Natural Resources Committee is too long and the County needs to take control, make revision and make it work or there will never be business.

Mr. Baer responded that Council has an obligation to understand for what it votes, to which Mr. Stewart replied even after Council votes there are major issues when items creep up because they are not dealt with.

Motion to amend by substitution

Mr. Newton handed out a different copy of a draft amendment dated March 11, 2011 to the Beaufort County – Tanger Development Agreement. He added that he knows Tanger is on a

March 31 deadline and the signage addition to the amendment does not add signage so he is not sure it matters. Tanger has spent a lot of money and invested a great deal in Beaufort County, he said. Mr. Newton explained his motion to amend by substitution. The new draft essentially amends by substituting versions of Article XIII, Section D of the Development Agreement. This is the language from Tanger's attorney to Beaufort County following the January 24 Subcommittee meeting.

It was moved by Mr. Newton, to substitute the language of Article XIII, Section D of the Development Agreement as included in the Natural Resources Committee packets for a version of the same section with language as drafted by Tanger Outlet Center's attorney.

Mr. Newton stated the SCRB already approved everything with regard to the substituted amendment other than the permitted materials. Further, this substituted amendment is an acknowledgement that the permitted materials were identified in the ordinance and that the SCRB is the existing body subject to review as limited by the development agreement. This simply clarifies what the intention of the parties was at the time of the original development agreement, Mr. Newton said.

Mr. Sommerville pointed out that the ordinance in place already states the materials are permitted, and he asked what is different.

Mr. Newton answered if the intention was that those permitted materials in the ordinance were acceptable on this project and there were specific limitations on what their authority was, this proposed amendment clarifies the intent.

Mr. Sommerville asked County Attorney Ladson Howell if he read this language, and Mr. Howell replied he had. Mr. Sommerville then asked if the SCRB had to comply with it. The Board still has the right to make a decision and turn the project down, Mr. Howell answered. It clarifies the right the Board has to choose those materials.

Mr. Sommerville reiterated that was what he expressed to the SCRB, but that he believes based on comments made to him that the Board would not change its mind, despite clarifying it is permitted. "I don't want to get up on a soapbox, and I don't want to preach, but I will say one thing. It has been hinted at and everyone knows, we have a terrible reputation in this county for being business-unfriendly," he urged. He added many people would rather take a beating than deal with Beaufort County, and he said this is a perfect example of why people do not want to deal with the County. Mr. Sommerville admitted that he agrees with Mr. Newton and Mr. Stewart that it is undesirable to change the rules mid-stream, but he does not believe that is what is happening. He said the Council has the right to do development agreements, but not everyone has a development agreement. If there is no development agreement, a company cannot do stone or tile, but there is nothing the Council can do about it. However, Council can enter into development agreements to let them know what is or is not approved. There is an absolute right to do so in regard to the two discussed items and Mr. Sommerville said it is his firm belief that is what the Council should do. It does not set a horrible precedent because it only applies to those with development agreements. "We have to do a better job of showing the people who want to

invest in Beaufort County that we want them, not that we hate them and want to run them off, to make their lives miserable,” Mr. Sommerville insisted.

Mr. Newton said he agrees with Mr. Sommerville’s overall comments about being business-friendly, but argued it was a stretch for Olive Garden to be the anchor upon which Tanger rests. He added he can point out Olive Gardens without stone or tile within a few hours of Beaufort. Mr. Sommerville interrupted that was already covered. Mr. Newton offered that he was as concerned about the matter as Mr. Sommerville, but said suppose Mr. Kubic and Mr. Criscitiello decide they will not approve this after Council theoretically opened Pandora’s Box by changing the rules. What then? He admitted to being frustrated this is taking so long, but said it is, in part, Council’s fault as well. He said he is concerned about what happens in the future. Perhaps the discussion will center on neon, golden arches and it would be justified with a down economy, he said. That is where it becomes problematic that Council decided in a narrowly focused or described issue it would sit in review of a board that Council legally does not sit in review of.

Mr. McBride stated he is very concerned about the perception or the reality that Beaufort County is not open to industry or new development, or to provide jobs for our residents. He said he thinks if the designers submitted five or six designs for Olive Garden it is enough. To keep making them resubmit and drag the process out is unnecessary. He confessed he does not often get involved in issues related only to southern Beaufort County, but he said a good faith effort has been made in this case and it is time to move it forward.

The motion to amend by substitution was seconded by Mr. Stewart.

Mr. Stewart brought forward some concerns. First, he said the Development Agreement Subcommittee met in January and it is only now being brought forward. Why did it not come forward in those two months? Second, government sets the policy it expects everyone else to follow; it should too. If Council feels the corridor review is a stumbling block to getting things done it has the authority to go back and reassess, but that is another discussion, Mr. Stewart noted. He added there is an established procedure that takes time. He confirmed that this delay was unacceptable, but at the same time cannot throw out the rules and policies.

Mr. Rodman commented that it sounds like when the County first began this development agreement process, generally the corridor review would have the ability to opine on matters within the development agreement but that outparcels could have just as easily have been included and excluded from corridor review. He added it sounds to him that stone and tile fit within what is generally desired in the ordinances so there does not appear to be a bad precedent set to revisit the development agreement. He added it is mind-boggling to him that they went through five redesigns and keep getting rejected. He asked if the SCRB votes and gives reasons for why it votes as it does. If Mr. Rodman qualified to vote on the committee, he would vote in favor of the amendment.

Mr. Newton asked if he was then in favor of “making it up as you go,” and Mr. Rodman said, “or taking back something that we could have done when we did the agreement.” Mr. Newton pointed out Council did not, so it is therefore “making it up as we go.”

Mr. Dawson commented that as elected officials they are called to sometimes make tough decisions, and this is one of those. Council likes to keep peace and harmony with boards and affiliates, but in this situation Council has the opportunity to go ahead and give the business community – Tanger and outlying parcels supporting it – the ability to go ahead and start the economic contribution for Beaufort County. Having said that, Mr. Dawson stated he would vote for the override of the SCRB view and support the motion to go ahead with Tanger’s ability to establish businesses with stone and tile because enough has been done to satisfy anyone. As Mr. Sommerville stated earlier, it does not matter what Olive Garden does, the SCRB will not approve. It has been shown with Greenline Industries and their awnings for which the corridor review gave them a hassle, Mr. Dawson cited. This matter may not be as simple as the awnings on Greenline, some things are just not worth the discussion and delay. Mr. Dawson clarified he was not supporting the amendment but the original motion when asked by Mr. Flewelling.

The vote was: FOR – Mr. Baer, Mr. Newton and Mr. Stewart. OPPOSED – Mr. Dawson, Mr. Flewelling, Mr. McBride and Mr. Sommerville. The motion fails.

Discussion and vote returns to the original motion.

Mr. Baer pointed out the newspaper listed for months the tenants in Tanger I, so he does not understand why a decision must be made on the signage in the last two weeks. Mr. Criscitiello answered that the overlying ordinance, embedded in the ZDSO, does not respond to a situation such as the one encountered. It would have to be studied at the staff level with appropriate amendment crafted in order to deal with it while in the meantime the development needs to have signage. The only way to practically do that is to deal with it in this development agreement. Mr. Baer asked if the change is not approved whether Tanger could have signs.

Mr. Criscitiello emphasized this would not allow any additional signage than is already in the ordinance; it just shifts it.

Mr. Flewelling asked how the proposed signage portion of the development agreement is different from the ZDSO. Mr. Criscitiello explained typically in a large complex it is governed by a PUD with a master signage plan, but in this instance that did not happen so consequently when the developer was trying to match a tenant with wall space it became obvious there was a problem. In dealing with Mr. Walter Nester, Tanger’s attorney, and Mr. Adams, Tanger’s architect, the proposed language was crafted not going outside of the normal signage requirements of the ordinance but allowing for a shift. This also takes advantage of wall signs that can be placed where people can see from other directions – Bluffton Parkway, the interior of the center and from U.S. 278.

Mr. Flewelling said that did not really answer his question, and asked if the County’s zoning development standards do not allow wall signs. Mr. Criscitiello answered that it does

allow wall signs, and end signs. Mr. Flewelling asked where, specifically, would the County not be able to place a sign in the context of the ZDSO that because of the change it can place one.

Mr. Criscitiello clarified that a tenant may not be obviously associated with a wall that is available for them in their specific location and may require the sign be shifted. That creates a situation where the total signage on the wall exceeds that allotted. They are trying to make the signage optimum for the tenants on the site and the architect is the best to decide based on the leasing plan that goes along.

Mr. Flewelling addressed that the specific plan for signage titled, B-2A, was not in the packages for Council members.

Mr. Newton said the sign portion should go forward, because regardless of what the SCRB told Mr. Sommerville, with all due respect, he said he does not think that is how the County should do business. He said he thinks this proposed amendment's approval opens the door to a "make-it-up-as-you-go approach." Mr. Newton observed that the current economic environment will be used as justification to change many things in the next few years. He reminded Council members present that the regulations in place, while frustrating, represent a balance of the interests of the people we serve. Knee-jerk reactions to things do not ever result in good policy, he said. Mr. Newton has been involved in the Tanger discussions from the beginning and he said there is probably no one who has a greater appreciation for what Tanger has done with this LEED-certified development than he. But he said fundamentally he thinks the Committee is making a mistake by deciding now when it does not like the results of the corridor review board Council would substitute its judgment instead. While, the project may have been through a number of reviews, everything was approved with the exception of two items. Mr. Newton said he would vote against this motion, not because he is not an advocate of Tanger but because it is a mistake to rationalize action as the ends justifying the means.

Mr. Stewart agreed with Mr. Newton in support of Tanger and the Olive Garden in Beaufort County, but he reiterated that he cannot vote in favor because it should follow the proper procedures and policies as set up. He noted he, too, is frustrated with the delay and perception of being business-unfriendly, but said he does not think this is the way to go about making change.

The vote was: FOR – Mr. Dawson, Mr. Flewelling, Mr. McBride and Mr. Sommerville. OPPOSED – Mr. Baer, Mr. Newton and Mr. Stewart. The motion passed.

Recommendation: Council approve an amendment to the development agreement between Beaufort County, South Carolina and Tanger Hilton Head Outlet Center I.

INFORMATION ITEMS

- 2. Text Amendments to the Beaufort County Zoning and Development Standards Ordinance (ZDSO), Article XII, Section 106-2796(H) and (I) (That**

Revises Access Management Standards to Encourage Roundabouts for Buckwalter and Bluffton Parkways)

Discussion: Mr. Sommerville noted this was a late-comer to the agenda for the day's meeting and by his understanding the Planning Commission unanimously passed an amendment of the ZDSO to encourage roundabouts on the Buckwalter and Bluffton Parkways. Mr. Criscitiello chimed in to say it also included a traffic light.

Mr. Criscitiello expanded to say it is to provide installation of a light at Buckwalter Parkway and Lake Point Drive and encourage, where possible, the installation of roundabouts at intersections conducive for them. The Planning Commission voted in favor of the recommendation. It is late to the agenda because of the timing of the Planning Commission meeting and the rescheduling of the Natural Resources Committee meeting. The text amendments deal with access management to Buckwalter and Bluffton Parkways with signalization and roundabouts, and the standards for access separation identified in the justification at 2,000 and 2,640-square-feet as based on access management standards.

It was moved by Mr. McBride, seconded by Mr. Flewelling, that the Natural Resources Committee approves and forwards to Council text amendments to the Beaufort County Zoning and Development Standards Ordinance (ZDSO), Article XII, Section 106-2796 (H) and (I) (that revises Access Management Standards to encourage roundabouts for Buckwalter and Bluffton Parkways).

Mr. Newton asked Mr. Criscitiello if this has to do with any particular project or whether it is in general, and the latter replied it is in general. Mr. Criscitiello went on to explain the Lake Point Drive light may in fact be related to a project, but the overall attempt is to deal with this in the future because roundabouts are considered to be, by and far, superior to the installation of traffic signals. This sets the stage for other considerations of that in the future.

Mr. Stewart said he wants to make it clear so everyone understands what is going on. There are two things in the proposed text amendments. First, there is a recommendation of roundabouts as the procedure / mechanism of choice, which is not his problem. Second, there is, before any changes, a traffic signal located at Buckwalter Parkway and Lake Point Drive, which was not approved in the original Access Management Plan. Before anything should be done, building permits issued, etc. that should have come before the Beaufort County Council, put into the ZDSO and amended prior to the building's construction, Mr. Stewart explained. Unfortunately, the building is already there, the business is operating, and it was permitted by the Town of Bluffton without coming to the County Council. Now, after the fact, the County is being asked, "oh, by the way, how about if you will do this and put a traffic signal where it never was meant to be?" Mr. Stewart explained. Further, later this afternoon there will be a recommendation for moving the 5B intersection by using roundabouts, which he said he has no idea about how they will be funded. He went on to explain that in doing so, the lighted intersection already approved for the Bluffton Parkway and Buckwalter Parkway intersection will be closer to the traffic signal proposed now; it will become more of a problem than before. Mr. Stewart stated he was appalled by people not going through the process, again, to do a

project in a way it should have been. A building should have never been built or allowed a permit prior to coming before Beaufort County Council and receiving a vote on whether or not it is willing to amend the ZDSO. He stated he is absolutely opposed and acknowledged there are good reasons because there are other ways to do this – a ride-in / ride-out, close the median strip, etc. He admitted he heard there were many meetings between many people and this was approved, but he said he was not a party to those meetings. Again, there is a procedure to go through to get things before Council's review for approval and it is high time to put Council's foot down and abide by them, Mr. Stewart reiterated.

Mr. Newton said he agreed to most of what Mr. Stewart commented on, expect the conclusion. He said he was part of the meetings with the Town of Bluffton and Beaufort County after the building in question was built and the [certificate of occupancy] was issued by the Town of Bluffton. It was an "oh my god! This issue has never been resolved" situation, Mr. Newton explained. Beaufort County issued an encroachment permit. At that meeting, Mr. Newton said he voiced his support because this is really the only way to solve. To close the median in front of Lake Point Drive, where there are more than 600 families residing, because of a collective mistake is not a good solution. He said the people penalized by turning down this amendment are the 600 families that cannot now get in and out of their neighborhood because of an unfortunate set of circumstances in the way this thing came forward. To show up and close the median cut for these people because of what was allowed to be built across the street is not something he will support. Mr. Newton noted those families are all in his district, his constituents and have begun asking why a light is not installed. While the circumstances are not ideal, it is what it is, Mr. Newton admitted. He said it was a situation of "the milk has been spilt. What can we do to keep these 600 families from entering in and out of an unsafe condition?"

Mr. Stewart argued that the officials knew the milk would be spilt before moving ahead; that is wrong. The real problem is that the station was built. The permit should have never been issued, he said.

Mr. Orlando said Mr. Stewart is point at him. Mr. Stewart disagreed and said he was gesturing in general.

Mr. Flewelling asked why no maps were given with the item for the Natural Resources Committee review.

Mr. Newton said this does not allow or approve anything, yet. This just puts the vehicle in place to allow this activity to come forward. Mr. Stewart disagreed by saying this text amendment has specific language allowing the light. He cited Section 106-2796. Access (3)(b) of the proposed text amendments.

Mr. Stewart said the intersection of Bluffton Parkway and Buckwalter will move south, closer to the proposed light. He said the way to solve is to make a modification which will be presented later tonight, again coming at the nth hour. He said he would vote for it, simply because it gives the right for the traffic light.

Mr. Rodman said the way the proposed text amendments are worded, they “encourage roundabouts” and the word “encourage” to him means to spend money and override what would otherwise be good, sound traffic decisions. He did say he believes roundabouts are good where there is roughly equal traffic. However, if there is a lot of traffic in one direction, a traffic signal could work better to control the timing. He asked if there is a rush or if there is a reason to rush this item.

Mr. Sommerville asked if this text amendment is voted down what would happen, who will be hurt. Mr. Criscitiello explained this is a staff recommendation, brought forward from the Planning Commission. Council can take it up and vote yes or no. There is no actual applicant. Mr. Sommerville said there is some confusion on his part understanding all the issues. Mr. Criscitiello answered there is a spirit of intergovernmental cooperation with the Town of Bluffton.

Mr. Newton offered that, in part, the sense of urgency may be that in October there were discussions, the encroachment issued by the County in April had one of the items on it amending this ordinance to allow the driveway at that intersection. While it may be having drawings, maps, etc. may be helpful regardless of how this thing got to the point of where it is, it did. Mr. Newton said while he appreciates the suggestion of leaving the median open and closing the encroachment permit he said he does not believe all access to an up-and-running business can be cut without the prospect of litigation. There is no good solution, he admitted. It was recognized it would be better to have a roundabout at this location, as the encroachment permit issued by the County suggested but no one has the money. The County is confronted with the situation, like it or not, of an existing business across the street from 600 houses built and a curb cut. It has been acknowledged to be dangerous and that a traffic light is warranted. He offered that it does not fit with the access management plan as originally determined, but the encroachment permit issued said this could happen. In order for that to happen, the ZDSO must be amended. It is unfortunate to look at it after the business has been built.

Mr. Baer said once again, the Natural Resources Committee is asked to vote on a matter without maps, pictures or context. He said they have also been told within an hour, at the County Council meeting, something contextually connected with the matter currently being discussed may happen. Mr. Rodman whispered something in Mr. Baer’s ear, he said. Mr. Baer agreed and said this calls for putting it on hold until the Natural Resources Committee members have a chance to review some maps or context. Mr. Baer suggested postponing for 30 days until there are maps, pictures, etc.

Mr. Sommerville asked if a motion to postpone is debatable and Mr. McBride said it was.

It was moved by Mr. Baer, seconded by Mr. Stewart, to postpone for 30 days consideration of text amendments to the Beaufort County Zoning and Development Standards Ordinance (ZDSO), Article XII, Section 106-2796 (H) and (I) (that revises Access Management Standards to encourage roundabouts for Buckwalter and Bluffton Parkways).

Mr. Newton interrupted to say while Mr. Orlando is present it is appropriate to let him speak. Mr. Newton said the 5B on the Council agenda under the County Administrator's Report does not have anything to do with the matter being discussed. Mr. Newton noted when asked by Mr. Baer that realignment for 5B has been requested, but administratively the County staff says there is no need to reconsider. He said he is not opposed to a 30 day delay as it will not change the circumstances on the ground, but it will punish the 600 families who live there.

Mr. Sommerville noted there is a motion to postpone and a second. The Natural Resources Committee is in discussion. He then allowed Mr. Orlando to speak.

Mr. Orlando recapped the events for Committee members to provide the Town of Bluffton's perspective. Before September 2009, he said he received a phone call from someone wanting to put a gas station on Buckwalter Parkway. He explained it is important to have a gas station on Buckwalter Parkway because there are thousands of units along the street and a lack of gas stations not on U.S. 278. Formally, he said Bluffton realized the applicant, Parkers Market, applied for an encroachment permit in December 2009. That encroachment permit, worked through with Colin Kinton and Rob McFee to make it sound and comply with standards, somewhere along the line the access management standards were not adopted in Bluffton. He explained the standards adopted in were for the intersections of Buckwalter and Bluffton Parkways north; the Town's in the south were silent. Mr. Orlando said in good faith, as he looked at the master plan, the gas station, access, 5B, current conditions he did not realize that the access management standards were adopted in Beaufort County south of the intersection with different standards than those for the Town. He said they simply operated in good faith that those access management standards aligned. As the Town started working through this, an encroachment permit issued to allow the business to begin with some conditions. Those being things the Town needed to create a much safer intersection, especially when considering the land uses surrounding the road. Right, wrong or indifferent, the Town is here to fix this, Mr. Orlando said. They want to fulfill the conditions of the encroachment permit and know, perhaps, long term a roundabout may be warranted as the best use, but for the time being for the 600 people who live in the subdivision and drive up Buckwalter daily it is important. 5B aside, this can be figured out. There is some urgency to this. Mr. Orlando admitted the Town got itself in a situation where someone needed a signal on an opposite side of a road from where 600 houses lie and he said he did his best. It might not be the best situation, but he said he wants to fix it.

Mr. Flewelling asked Mr. Kinton for the traffic counts. Mr. Kinton said the developer did a traffic count and traffic signal warrant study for this intersection and said he would get the information to Mr. Flewelling. Mr. Flewelling said this reminded him of the discussion of the Cane Island intersection at S.C. 802 on Lady's Island in that this will make an intersection very difficult by having people travel a long way.

Mr. Stewart clarified that he is sympathetic with those who live in the subdivision and said no one wants to endanger them or create a safety problem. He admitted the light will alleviate some of the problems although it is in its own right a problem. He said he is not opposed to safety or helping those in the developments on the west side, but also that the Council is remiss in that all the developments only have one way in or out. He did say he is complaining

to Council that he is upset about the procedure and how things progress / evolved. This happens too frequently, he said and cited Olive Garden. Mr. Stewart said people are too lax at giving past or explicit approval above their ability to do so. In this case, it is clear it should have come to Council for amendment to the Access Management Plan prior to the business starting, he said. There are too many instances when they come back to solve a problem after the fact and Council needs to abide by the ordinances and rules / regulations in place, the sequence and manner, he said. Then he added it is unreasonable for this person to ask for a permit in 2009 and it is now 2011 before it was brought forward. Not only does this create a problem for the gentlemen with the gas station but also for the 600 residents. He said it might be illogical, but there must be a way to solve this without putting in a light.

Mr. Stewart then asked staff to find alternatives to putting in a traffic light. Mr. Stewart then discussed financing of the intersection, be it a traffic light or roundabout, and said that would need to be determined whether it is the developer's or Town's responsibility. He said he would support the motion to postpone the amendment and asked staff's look at alternatives to this matter.

Mr. Baer and Mr. Stewart, as maker and seconder of the original motion, accepted the addition. The vote was: FOR – Mr. Baer, Mr. Dawson, Mr. McBride and Mr. Stewart. OPPOSED – Mr. Flewelling, Mr. Newton and Mr. Sommerville. The motion passed.

Recommendation: This item will come before the Natural Resources Committee after being postponed 30 days.

3. Off-Agenda Item - Forward topic to Finance Committee regarding the \$10 million Rural and Critical Lands Referendum bond

Discussion: Mr. Sommerville explained he has an off-agenda item and Committee members agreed to hear the matter. He said it was related to the executive session to follow and the matter is to move forward from Natural Resources to Finance Committee if the Natural Resources Committee approves it would move forward a recommendation to proceed to bond the final \$10 million of approved Rural and Critical Lands Referendum money as soon as possible. That is the off-agenda item.

It was moved by Mr. Flewelling, seconded by Mr. Dawson, that the Natural Resources Committee approves and forwards to the Finance Committee the study of an issue to proceed with bond of the final \$10 million of approved Rural and Critical Lands Referendum funds, along with any other matters for CIP found necessary.

Mr. Sommerville explained if this is approved, all they are approving is forwarding to Finance Committee for discussion, which would then entail the broader subject of other CIP items that will also be included in the bond referendum, if and when it takes place.

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

Recommendation: Finance Committee considers the issue to proceed with bond of the final \$10 million of approved Rural and Critical Lands Referendum funds, along with an other matters for CIP found necessary.

4. Executive Session

Discussion: The Natural Resources Committee adjourned into Executive Committee for discussion of negotiations incident to proposed contractual arrangements and proposed purchase of land.

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Rick Caporale, Vice Chairman
Steven Baer
Brian Flewelling
William McBride
Paul Sommerville
Jerry Stewart

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SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA FINANCE COMMITTEE

Monday, July 18, 2011

4:00 p.m.

Large Meeting Room, Bluffton Branch Library
120 Palmetto Way, Bluffton

Staff Support

Bryan Hill, Deputy County Administrator
David Starkey, Chief Financial Officer

1. CALL TO ORDER – 4:00 p.m.
2. CONSIDERATION OF CONTACT AWARD
 - A. Wireless Communication Services for Beaufort County
3. DISCUSSION / FUNDING REQUEST LOWCOUNTRY ESTUARIUM
4. HANGAR RENTAL RATES / HILTON HEAD ISLAND AIRPORT
5. DISCUSSION / RESOLUTION SUBSTITUTING THE BEAUFORT, PORT ROYAL & SEA ISLANDS VISITOR & CONVENTION BUREAU FOR THE BEAUFORT REGIONAL CHAMBER OF COMMERCE AS THE COUNTY'S DESIGNATED MARKETING ORGANIZATION
6. DISCUSSION / FY 2011-2012 COUNTY BUDGET – 5:00 p.m.
 - A. Tax Anticipation Notes
 - B. Transfer of Funds to Rural and Critical Lands Debt Service
 - C. Transfer of Funds to CIP Debt Service
7. \$10 MILLION RURAL AND CRITICAL LANDS BORROWING
8. ADJOURNMENT

County TV Rebroadcast	
Monday	9:00 a.m.
Wednesday	1:00 a.m.
Thursday	7:00 p.m.

Finance		
Date	Time	Location
August 15	2:00 p.m.	BIV #2
September 19	2:00 p.m.	BIV #2
October 17	2:00 p.m.	BIV #2
November 21	2:00 p.m.	BIV #2
December 13	2:00 p.m.	BIV #2

A quorum of Council may be in attendance at all Committee meetings.
Please silence your cell phone during the meeting.

FINANCE COMMITTEE

July 18, 2011

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

The Finance Committee met on Monday, July 18, 2011 at 2:30 p.m., in the Large Meeting Room, Bluffton Branch Library, 120 Palmetto Way, Bluffton South Carolina.

ATTENDANCE

Finance Committee Members: Chairman Stu Rodman, and members Brian Flewelling, William McBride, Paul Sommerville and Jerry Stewart were present. Committee Vice Chairman Rick Caporale and member Steven Baer absent. Non Committee members Gerald Dawson and Herbert Glaze were also present.

County staff: Paul Andres, Airports Director; Joshua Gruber, Attorney; Bryan Hill, Deputy County Administrator; Dan Morgan, GIS/MIS Director; Monica Spells, Compliance Officer; Dave Thomas, Purchasing Director.

Media: Joe Croley, Hilton Head Association of Realtors;.

Public: Bob Bender, Lowcountry Estuarium; Bob Moquin, Executive Director of Beaufort Regional Chamber of Commerce Visitor & Convention Bureau; Jeff Thomas, Past President of Beaufort Regional Chamber of Commerce Visitor & Convention Bureau; and Charlie Williams, Board Member, Lowcountry Estuarium.

Councilman Rodman chaired the meeting.

ACTION ITEM

1. Consideration of Contract Award – Wireless Communication Services for Beaufort County

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. Flewelling, seconded by Mr. Stewart, that the Finance Committee approves and recommends County Council award a contract to Verizon Wireless, the top ranked firm, with the anticipated cost for the first year of \$176,594. Additionally, there are four optional annual renewals to this contract that are subject to County Council for approval. With the four annual renewals, the total anticipated cost for five years is \$882,970. Services are paid from each department's telephone account 51050. The vote was: FOR – Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Baer and Mr. Caporale. The motion passed.

Recommendation: Council award a contract to Verizon Wireless, the top ranked firm, with the anticipated cost for the first year of \$176,594. Additionally, there are four optional annual renewals to this contract that are subject to County Council for approval. With the four annual renewals, the total anticipated cost for five years is \$882,970. Services are paid from each department's telephone account 51050.

INFORMATION ITEMS

2. Land Acquisition / Lady's Island / St. Helena Island Fire District

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: Committee agreed with request of Lady's Island / St. Helena Island Fire District plan to move the fire station from near the Lady's Island airport to the former MCAS Credit Union, which is nearer the new bridge on Lady's Island. They wish to put it on land owned by the fire district. This will not raise taxes but will improve services and reduce insurance costs for many residents of the district.

3. Discussion / Funding Request Lowcountry Estuarium

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: The Lowcountry Estuarium, which is in danger of closing due to lack of funds. Mr. Bender, curator, is asking for a one time request of \$24,000 in 3% local accommodations tax funds. The facility has lost funding from both the School District and Town of Hilton Head Island.

4. Hangar Rental Rates / Hilton Head Island Airport

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: The committee deferring an airport hangar increase until the comprehensive financial study is complete.

5. Discussion / Resolution Substituting the Beaufort, Port Royal & Sea Islands Visitor & Convention Bureau for the Beaufort Regional Chamber of Commerce as the County's Designated Marketing Organization

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: Committee members want input from City of Beaufort and the Beaufort Regional Chamber of Commerce. Staff was asked to schedule a workshop on the issue.

Status: No action required. Information only.

6. Discussion / FY 2011-2012 County Budget

- a. Tax Anticipation Notes**
- b. Transfer of Funds to Rural and Critical Lands Dept Service**
- c. Transfer of Funds to CIP Debt Service**

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: When the County budget was approved there were a couple of line items pending. One was the potential need for TAN's and secondly a \$700,000 in transfers to debt service.

Mr. David Starkey, Chief Financial Officer, said he had been waiting for the new treasurer Mr. Doug Henderson, to take office and will review with Mr. Henderson around the first of August and "get it sorted out." He said there will not be any transfers from the general fund. He said there are factors beyond our control, mostly from the federal government and that if they do not come to an agreement, our interest rates can skyrocket.

Mr. Bryan Hill, Deputy County Administrator, said the County needs to transfer \$700,000 to pay for capital debt. Mr. Stewart disagrees and wants to set a time to discuss this before setting the millage. Mr. Rodman said it was his understanding that it would be in the budget but that staff would not do anything without coming to Council first. Mr. Rodman wants to put something in place with the TAN in case of a disaster.

7. \$10 Million Rural and Critical Lands Borrowing

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Status: Mr. Rodman said we have bonded all but the last \$10 million that has been approved by voters and that Council had agreed we would not borrow in the current budget or increase the millage for this Program. He asked, "When do we want the last \$10 million to be used? Even though we are in hard times, this may be a time for a referendum because the price of land is lower. Should we do this in the 2012 election cycle?"

Mr. Flewelling said the Open Land Trust plans to discuss the possible 2012 referendum among its Board and then share recommendations with Council. Council may allow them to go negative due to anticipation of funds forthcoming.

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SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

FINANCE COMMITTEE

Monday, September 19, 2011

3:00 p.m.

Conference Room, Building 2

Beaufort Industrial Village

102 Industrial Village Road, Beaufort

Committee Members:

Stu Rodman, Chairman
Rick Caporale, Vice Chairman
Steven Baer
Brian Flewelling
William McBride
Paul Sommerville
Jerry Stewart

Staff Support

Bryan Hill, Deputy County Administrator
David Starkey, Chief Financial Officer

1. CALL TO ORDER – 3:00 p.m.
2. REQUEST FOR 4% SPECIAL ASSESSMENT RATIO / SHARON SAUNDERS TRUST PROPERTY
3. CASH UPDATES
 - A. 2% Accommodations Tax Funds
 - B. 3% Accommodations Tax Funds
 - C. Rural and Critical Lands Funds
4. POLICY DISCUSSION
 - A. Reserve Fund Policy
 - B. Funds Transfer Policy
5. DISCUSSION / FISCAL AUTONOMY BOARD OF EDUCATION – 4:00 p.m.
6. CONSIDERATION OF REAPPOINTMENTS AND APPOINTMENTS
 - A. Accommodations Tax Board
7. ADJOURNMENT

Open Items:

Tax (hurricane) Anticipation Note
Airport Funding Initiatives
Bond issue \$10 million Rural and Critical Lands Program
Expectation of our Designated Marketing Organization

A quorum of Council may be in attendance at all Committee meetings.
Please silence your cell phone during the meeting.

FINANCE COMMITTEE

September 19, 2011

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

The Finance Committee met on Monday, September 19, 2011 at 3:00 p.m., in the Conference Room, Beaufort Industrial Village, 102 Industrial Village Road, Beaufort, SC.

ATTENDANCE

Finance Committee Members: Chairman Stu Rodman, Vice Chairman Rick Caporale, and members Steven Baer, Brian Flewelling, William McBride, Paul Sommerville and Jerry Stewart were present. Non Committee member Gerald Dawson was also present.

County staff: Bryan Hill, Deputy County Administrator; Alicia Holland, Controller; Lad Howell, Attorney; Ed Hughes, Assessor; Gary Kubic, County Administrator; David Starkey, Chief Financial Officer.

Public: Earl Campbell, Board of Education member; Bill Evans, Board of Education member; Larry Holman, Beaufort Black Chamber of Commerce; Beth Mayo, lawyer, Novit & Scarminach, P.A.; Chuck Scarminach, Novit & Scarminach, P.A.; Fred Washington, Board of Education Chairman; Phyllis White, School District Chief Financial Officer.

Councilman Rodman chaired the meeting.

ACTION ITEMS

1. Request For 4% Special Assessment Ratio / Sharon Saunders Trust Property

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: County Attorney Lad Howell explained the procedural process to the Committee. Ms. Beth Mayo, representing Sharon Saunders Trust, and County Assessor Ed Hughes presented the Committee with opposing arguments relative for an extension to the 4% special tax assessment. A discussion ensued and the committee voted to deny the request.

Motion: It was moved by Mr. McBride, seconded by Mr. Sommerville, that the Finance Committee denies and recommends that County Council deny the request for the 4% special assessment ratio for the Sharon Saunders Trust Property. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, and Mr. Sommerville. OPPOSED – Mr. Rodman and Mr. Stewart. The motion passed.

Recommendation: County Council deny the request for the 4% special assessment ratio for the Sharon Saunders Trust Property.

2. Cash Updates / 3% Accommodations Tax Funds

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. Flewelling, seconded by Mr. Baer, that the Finance Committee recommends County Council amend the ordinance to transfer funds from Tourism Infrastructure Section of Local 3% Accommodations Tax Ordinance (2009/15) \$260,880 in matching grant funds for the Rails / Trails Program. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. The motion passed.

Recommendation: County Council amend the ordinance to transfer funds from Tourism Infrastructure Section of Local 3% Accommodations Tax Ordinance (2009/15) \$260,880 in matching grant funds for the Rails / Trails Program.

3. Consideration of Reappointments and Appointments – Accommodations Tax Board

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Motion: It was moved by Mr. Stewart, seconded by Mr. Caporale, that the Finance Committee approves and recommends County Council nominate Ms. Olivia Young to serve as a member of the Accommodations Tax Board. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville and Mr. Stewart. The motion passed.

Recommendation: Council nominate Ms. Olivia Young, hospitality-lodging, to serve as a member of the Accommodations Tax Board.

INFORMATION ITEMS

4. Discussion / Fiscal Autonomy Board of Education

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Committee Chairman Stu Rodman presented the Committee with a PowerPoint presentation to serve as an overview of fiscal autonomy. There was much discussion relative to the possibility of a referendum for school board fiscal autonomy. Board of Education Chairman Fred Washington spoke to the issue and stated the Board's disinterest in pursuing fiscal autonomy at this time, but may in the future. The Board would like to see modifications to the current budget ordinance and changes relative to millage value calculations. There was much

discussion between Council, the majority of whom felt direction from the Legislative Delegation is in order.

Status: This item was for informational purposes only. No action was taken.

5. Cash Updates / 2% Accommodations Tax Funds

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Rodman said the Beaufort Chamber of Commerce has announced that they will not spin off the Visitor & Convention Bureau. Mr. Sommerville said, "We are moving forward on requirements we expect from our Designated Marketing Organizations (DMOs)."

Status: This item required no discussion or action.

6. Cash Updates / Rural and Critical Lands Funds

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Rodman said the Rural and Critical Lands Board is recommending a one mill (\$20,000,000) referendum.

Status: This item required no action.

7. Policy Discussion / Reserve Fund Policy and Fund Transfer Policy

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: County Administrator Gary Kubic announced he would like to take 90 to 120 days to develop policies within the County.

Status: This item was for informational purposes only. No action was taken.

8. Off Agenda – Councilman's Baer's Analysis of Annual Budget

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Baer presented his analysis of the annual budget. He is concerned because large amounts of money can be moved around within the general fund without oversight by county council. He also said the staff printouts are hard to read and wants more information regarding transfers.

Status: This item required no action.

9. New Controller / Ms. Alicia Holland

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Gary Kubic, County Administrator, announced the promotion of Ms. Alicia Holland to the position of Controller within the Beaufort County's Finance Department.

Status: Informational purposes only.

10. Disabilities and Special Needs Board Retreat

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Gary Kubic, County Administrator, announced that the Disabilities and Special Needs Board Retreat will be held September 20, 2011 at 9 a.m. at the Golden Corral, Bluffton.

Status: Informational purposes only.

11. Offices / South of Broad River

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Gary Kubic, County Administrator, stated administration would like to breakdown the costs and benefits associated with offices south of the Broad River. We have two facilities – Myrtle Park (Bluffton) and Government Center Hilton Head Island. Administration has been conducting to determine possibilities and has been talking with the owners of Myrtle Park about a year and a half. A notice will be sent out to that effect and will be discussed at a future meeting.

Status: Informational purposes only.

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING
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BEAUFORT, SOUTH CAROLINA 29901-1228
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WM. WESTON J. NEWTON
CHAIRMAN

D. PAUL SOMMERVILLE
VICE CHAIRMAN

COUNCIL MEMBERS

STEVEN M. BAER
RICK CAPORALE
GERALD DAWSON
BRIAN E. FLEWELLING
HERBERT N. GLAZE
WILLIAM L. McBRIDE
STEWART H. RODMAN
GERALD W. STEWART
LAURA VON HARTEN

GARY KUBIC
COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

FINANCE COMMITTEE

Monday, October 10, 2011
2:30 p.m.
Executive Conference Room
Administration Building

Committee Members:

Stu Rodman, Chairman
Rick Caporale, Vice Chairman
Steven Baer
Brian Flewelling
William McBride
Paul Sommerville
Jerry Stewart

Staff Support

Bryan Hill, Deputy County Administrator
David Starkey, Chief Financial Officer

1. CALL TO ORDER – 2:30 p.m.
2. PRESENTATION / 2012 COUNTY EMPLOYEE INSURANCE BENEFIT PROGRAM
3. DISCUSSION / MAGISTRATE SALARY
4. DISCUSSION / RURAL AND CRITICAL PROPOSED 2012 REFERENDUM
5. ADJOURNMENT

Open Items:

Airport Funding Initiatives
Funds Transfer Policy
Hurricane Revenue Anticipation Notes
Reserve Fund Policy

County TV Rebroadcast	
Monday	9:00 a.m.
Wednesday	1:00 a.m.
Thursday	7:00 p.m.

Finance		
Date	Time	Location
November 21	2:00 p.m.	BIV #2
December 13	2:00 p.m.	BIV #2

A quorum of Council may be in attendance at all Committee meetings.
Please silence your cell phone during the meeting.

FINANCE COMMITTEE

October 10, 2011

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

The Finance Committee met on Monday, October 10, 2011 at 2:30 p.m., in the Executive Conference Room, Administration Building, 100 Ribaut Road, Beaufort.

ATTENDANCE

Finance Committee Members: Chairman Stu Rodman, Vice Chairman Rick Caporale, and members Steven Baer, Brian Flewelling, William McBride, Paul Sommerville and Jerry Stewart were present. Non Committee member Gerald Dawson was also present. Chairman Newton, who serves *ex-officio* on all committees, was also present.

County staff: Tony Criscitiello, Division Director – Planning and Development; Suzanne Gregory, Employee Services Director; Joshua Gruber, Staff Attorney; Bryan Hill, Deputy County Administrator; Gary Kubic, County Administrator; David Starkey, Chief Financial Officer.

Public: Garrett Budds, Open Land Trust.

Media: Joe Croley, Hilton Head Island Association of Realtors; and Kyle Petterson, *Beaufort Gazette/Island Packet*.

Councilman Rodman chaired the meeting.

ACTION ITEMS

1. Presentation / 2012 County Employee Insurance Benefit Program

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mrs. Suzanne Gregory, Employee Services Director, reviewed this item with the Committee. She informed the Committee that all of our current vendors: (i) health insurance and Rx – Blue Cross / Blue Shield of South Carolina, (ii) dental insurance – United Concordia Dental, (iii) vision insurance – United Healthcare Vision, and (iv) life / supplement - life /AD&D / short- and long term disability – ING have agreed to the same plans with no price increase for 2012. This allows for a passive open enrollment session, beginning November 1, wherein only those who wish to make changes to their current plan are required to attend. She presented the Committee with a spreadsheet of the costs for each the basic and premium plans which showed the difference between 2011 and 2012 employee costs. The employee contribution rate on the basic plan will decrease by 6% while our premium plan will increase by

5% to more accurately reflect claims cost. The new contribution rates are still at or below industry averages.

Motion: It was moved by Mr. Stewart, seconded by Mr. Baer, that the Finance Committee recommend Council approve the 2012 County Employee Insurance Benefit Program with no rate increase from vendors. The employee contribution rate for the basic plan will decrease by 6% and the contribution rate for the premium plan will increase by 5%. The vote was: FOR – Mr. Baer, Mr. Flewelling, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Mr. Caporale. The motion passed.

Recommendation: Council approve the 2012 County Employee Insurance Benefit Program with no rate increase from vendors. The employee contribution rate for the basic plan will decrease by 6% and the contribution rate for the premium plan will increase by 5%.

2. Discussion / Magistrate Salary

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Council has given two reading approvals to an ordinance to provide a supplemental appropriation from the County's general reserve fund in the amount of \$72,159.83 for the purpose of funding census-Based Beaufort County Magistrate salary increases for the period of July 1, 2011 to June 30, 2012. The issue before Committee today involves an additional supplemental appropriation from the County's General Reserve Fund in the amount of \$20,260.26 for the period of March 22, 2011 to June 30, 2012.

Motion: It was moved by Mr. Stewart, seconded by Mr. McBride, that the Finance Committee recommends Council take no action on this item. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. The motion passed.

Recommendation: Council take no action on this item.

3. Discussion / Rural and Critical Proposed 2012 Referendum

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Natural Resources Chairman Paul Sommerville informed the Committee that the Committee approved this item to be sent before Council as a request for approval of a land acquisition referendum being placed on the November 2012 ballot with 20% of the proceeds being used to improve properties acquired under the program and are consistent with program guidelines. It is before the Finance Committee today for determination of an appropriate dollar amount. Mr. Garrett Budds, Open Land Trust, spoke before the Committee and County Chief Financial Officer David Starkey presented the Committee with financial documents.

Motion: It was moved by Mr. Sommerville, seconded by Mr. Stewart, that the Finance Committee approves and recommends County Council approve a Rural and Critical Lands 2012 referendum in the amount of \$1,000,000 with 20% of the proceeds being used to improve properties acquired under the program and are consistent with program guidelines. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Flewelling, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. The motion passed.

Recommendation: County Council approve a Rural and Critical Lands 2012 referendum in the amount of \$1,000,000 with 20% of the proceeds being used to improve properties acquired under the program and are consistent with program guidelines.

INFORMATION ITEM

4. Off Agenda – Lowcountry Estuarium Update

Notification: To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Discussion: Mr. Rodman informed the Committee that the Accommodations Tax Board has allocated \$4,000 for the Lowcountry Estuarium, with the understanding that they provide the County with an audit of their financials. Due to the cost of the audit, he recommends staff to do the audit.

Status: Staff to assist the Lowcountry Estuarium in an audit of their financials.

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:
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
 - 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
 - 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, 2010
 - First reading approval occurred May 10, 2010 / Vote 10:1
 - Finance Committee discussion May 3, 2010

 14. **FY 2010 / 2011 COUNTY BUDGET PROPOSAL**
 - Consideration of second reading
 - Finance Committee discussion and recommendation to approve May 17, 2010 / Vote 4:1
 - First reading approval occurred May 10, 2010 / Vote 10:1
 - Finance Committee discussion and recommendation to approve May 3, 2010 / Vote 7:0
 - Finance Committee discussion and recommendation to approve April 12, 2010 / 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
May 24, 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, May 24, 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 William McBride gave the Invocation.

REVIEW OF PROCEEDINGS OF THE REGULAR MEETING HELD APRIL 26, 2010

It was moved by Mr. Glaze, seconded by Mr. Caporale, that Council approves the minutes of the regular meeting held April 26, 2010. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Stewart and Mr. Sommerville. ABSENT – Ms. Von Harten. The motion passed.

PUBLIC COMMENT

The Chairman recognized Mrs. Maria Walls, who said she read an article with comments by Councilman Jerry Stewart about “an influx of additional citizens that would cause...additional expenses.” She said these citizens pay taxes, and asked why additional revenue does not cover the expense of having the additional residents. She also said she was unclear what warranted a potential tax increase other than those items covered in Councilman Stewart’s article and a brief overview of past council minutes. She does not want to pay additional taxes, and is concerned Council sees increasing taxes as the only way to cover additional funding for county needs.

Mr. Newton replied a 6:00 p.m. public hearing is scheduled specifically on the budget tonight with budget presentations from both County government and Board of Education, which will address some of Mrs. Walls’ questions, not specifically speaking to the article written by

Councilman Stewart. At this time County staff is recommending a budget that includes a zero increase on the operating side of the ledger. It does include some increases on the debt service side one, to pay for rural and critical lands purchases that were the subject of a 2006 voter approved referendum in Beaufort County and two, to buy all new radios for law enforcement and emergency personnel throughout the entire county regardless of whether they were city police officers or otherwise. County government, because of the need for a coordinated communications system, paid for those items. That is one of the topics being discussed. We are continuing to try to modulate the best we can. We share your concerns about increases in taxes and folks' ability to cover that.

Mr. Aaron Crosby, speaking as Chairman of the newly formed Daufuskie Island Council, thanked Council for making it possible to communicate telephonically rather than spending five hours travelling to the Council meeting. He encouraged the county not to spend funds for a new convenience center on Daufuskie Island. The new Daufuskie Island Community Preservation Plan (Plan) sets the tone for a new way of thinking and doing things on Daufuskie Island. The Plan proposes linking and consolidating services on the island to account for the fact that everything arrives and departs the island by boat. There are costs you just do not incur in the normal course of business in the rest of Beaufort County. One issue is waste removal and recycling. We have a subcommittee of the Daufuskie Island Council, whose members have been working very hard, for quite some time, addressing waste removal and recycling on a consolidated comprehensive basis that includes the county and private components on the island. We think it can be a much better use of public and private funds to follow that path. Mr. Crosby requests an opportunity to sit down with Chairman Newton, County Administrator Gary Kubic and whomever else might be appropriate in the next couple of days, if at all possible, to let you see the work we have done over the year and understand why we think it is such a compelling reason to do things a little bit differently and to keep the County from having to spend some money right now.

COUNTY ADMINISTRATOR'S REPORT

The County Channel

Mr. Gary Kubic, County Administrator, presented Coastal Kingdom. This episode is called Salt Marsh, and it is terrific. Once again it features our production partner, Mr. Tony Mills, a naturalist with the Lowcountry Institute. The series is available on Streamline, free services for teachers that provide educational videos for the classroom. The entire Coastal Kingdom series is being considered for a prestigious National Telly Award in several different categories. Congratulations to Scott Grooms and Rob Lewis of Broadcast Services. Council viewed the Salt Marsh video.

Mr. Rodman understands *spartina* grass, when it is dead, at high tides is actually swept out into the ocean. It is then deposited on the beaches and that is what actually rebuilds the beaches, because they are generally washing and blowing away. Without this recycle process, beaches would not renourish themselves.

Report / Current Criminal Activities in the Treasurer's Office

Mr. Ladson Howell, staff attorney, stated Council requested somewhat of an official report regarding the current criminal activities in the Treasurer's Office. Therefore, he consulted with the Solicitor's Office and would like to give Council the following information. Much of this has been published beforehand in the print media, but perhaps an official explanation would be in order. There have been two arrests as a result of the embezzlement in the Treasurer's Office of \$210,000. One of those arrested is a former County employee, who is no longer employed by Beaufort County. The Grand Jury will meet in June for all of the arrests made in May. Currently, there continues a criminal investigation. That is the limited amount of information available at this point in time.

Mr. Newton understands from the media accounts regarding Cassandra White that there was a dollar amount apparently that was embezzled. Ms. White was an employee. There was a \$600 episode paid back. Then, Ms. White resigned her position and was later reemployed. There is another episode of more than \$100,000. Is that sequence correct?

Mr. Howell said the sequence is correct. Mr. Newton understands it is in the indictment that way. Mr. Howell understands the Solicitor made that sort of comment at the bond hearing.

Mr. Rodman said we must keep in mind the Treasurer is a separately elected position and probably many people in the county do not understand that position does not report to either Council or to the County Administrator. He commended the County Administrator for taking an aggressive approach. If it had not been taken, he does not believe this would ever have been uncovered. It defies comprehension for the Treasurer rehire a person who stole money, and to then not report it to authorities. Secondly, we know for quite a bit of time staff has been trying to sort out the TIFs. It turns out there was a significant amount of money, in excess of \$10 million, distributed to the wrong places. You may remember the City of Beaufort raised the concern about a year ago and wanted to get everybody together to try to understand that. There were internal audits a couple of years back that suggested there were problems. He said he does not believe any of those were ever corrected. There was mention of the fact there were a significant number of transactions where the money has actually been deposited perhaps a month late. It makes you wonder what happened to the money during that period of time and whether it was protected. We then come to the 2009 audit wherein three significant discrepancies were identified. To the best of Mr. Rodman's knowledge those have not been taken care of in any kind of orderly fashion by the Treasurer's Office. In fact, for all practical purposes, one would have to reach the conclusion the office is out-of-control. Of course, the Sheriff was quoted as saying, "The records are so scrambled that we may never know exactly the extent of the money that certainly appears to be embezzled." As a practical matter, we are some place between \$250,000 and \$500,000 out of pocket, as a county, including the cost of the forensic audit. He pointed out there are two kinds of audits. We have our regular audits which verify the transactions that took place. When it is suspected there may have been criminal activity, a forensic audit goes in and tries to figure out what actually happened. Sometimes it is a very difficult thing to do because many times you are dealing with people, who can cover their tracks fairly well. To some extent the Treasurer stands condemned by her own words. She is quoted as

saying, “It was a random transaction. If they had not picked that account [the random check] they might not have found it.” She also said, “Little could have prevented White from stealing from the county. Embezzlements happen every day and happen all over this country . . . Nobody is perfect.” Certainly, nobody is perfect, but Mr. Rodman believes it was her job to prevent this kind of thing from happening. He suggested there are two things Council ought to do. One is to consider a resolution to ask Mrs. Logan to step down. Second, is to come back later, after some of the audits coming forth are completed, with a resolution including the appropriate whereas clauses, that council would formally execute.

It was moved by Mr. Rodman, seconded by Mr. Baer, that Council adopts a resolution requesting Joy Logan step down as Treasurer of Beaufort County.

Mr. Caporale thinks the resolution is appropriate, but does not want to comment beyond that.

Mr. Newton, trying to make sure the newspaper has clarification, said the audits have now apparently confirmed and identified in the warrants approximately \$100,000 was taken. Then, this particular employee was caught taking \$600 that was not reported, yet she still kept her job. Then she subsequently quit, was rehired and on the second go-round stole \$125,000. Combined with the cost of the audits, it appears perhaps it could have been prevented. If, in our private lives, we decide we want to forgive somebody for taking \$600 that may be one thing, but he is not sure whether private employers keep people who take money even if they offer to pay it back. Certainly, we should expect no less from the employees who work for Mr. Kubic and ultimately are accountable to him and Council. And no less from anyone who touches any taxpayer dollars or has anything to do with, affiliated with or associated with this organization.

The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

Two-Week Progress Report

Mr. Gary Kubic, County Administrator, circulated copies of his Two-Week Progress Report, which summarized his activities from May 10, 2010 through May 21, 2010.

DEPUTY COUNTY ADMINISTRATOR'S REPORT

Two-Week Progress Report

Mr. Bryan Hill, Deputy County Administrator, circulated copies of his Two-Week Progress Report, which summarized his activities from May 10, 2010 through May 21, 2010. Within his report, Mr. Hill outlined this year's expenditures to date as well as provided a four-year recap. All this information is posted on the County webpage under the Finance tab. Also posted online is audited enterprise through April 2010. The County line-item budget is available online as well as Mr. Hill's budget presentations dated May 10, 2010 and May 24, 2010.

U.S. Highway 17 Widening

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported the U.S. Highway 17 project is a design-build contract for the widening of six miles of divided highway and major intersection in Beaufort County. The contractor is Phillips and Jordan of Knoxville, Tennessee. The project cost is \$100,471,305. The contract completion date is October 1, 2010. The project is 80% complete. The contractor continues work on the existing roadway overlay, ramp embankment and Gardens Corner bridge improvements.

New Bridge over Beaufort River / U.S. 21 / S.C. 802 Construction Project

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported the new bridge over the Beaufort River will be a 4,200-foot bridge. The contractor is United Contractors, Inc. of Great Falls, South Carolina. The cost is \$34,573,368. The completion date is August 2011. The project is 30% complete. The contractor finished with pile foundations, 84” drilled shafts and flat slab decks and is moving forward into girder spans.

S.C. Highway 802 Roadway Construction Project

Mr. Rob McFee, Division Director-Engineering and Infrastructure, provided an update on the status of S.C. Highway 802 roadway improvements.

Mr. Baer asked if staff is still on schedule for August to receive the overall accounting of how much money is left and required to finish the project Council wanted finished.

Mr. McFee replied the spreadsheet, with regard to how the money is programmed and contained in the Monthly Progress Report, dated May 24, 2010, estimates the contingency at \$232,305.

Mr. Baer remarked the question members of the Transportation Advisory Group (BTAG) asked in January 2010 was, “Assuming we built U.S. Highway 278 all the way out to S.C. Highway 170, including stormwater work, assuming we stopped the 5A bridge, but did everything else in 5A, and assuming we continued with the bypass roads on U.S. Highway 278 and continued with projects like Highway 802 and the \$550,000 engineering of Boundary Street and S.C. Highway 170-Phase I, how much money would be left?”

Mr. McFee replied, \$232,305.

Mr. Baer asked if all bids are in hand to come up with that number. Mr. McFee replied as he reported at the May 10, 2010 Council meeting, staff is waiting on the U.S. Highway 278 bid, due August, and once that hard number, that certainly will firm up all these forecasts.

Mr. Baer referred to Project 3, S.C. Highway 170 widening, which is an important project. Is there any extra money needed beyond what is shown on page 2? Mr. McFee replied there are not based on what we know right now. Of course, we are looking for donation of right-of-way through development agreements, through the Town of Bluffton. That facility is designed.

Mr. Stewart followed up on Mr. Baer's comments regarding S.C. Highway 170. In addition to the right-of-way, we need to have resolution of the Town of Bluffton's suggested changes brought forward (rotary / roundabout at Bluffton Parkway, slower speeds, etc.) all of which Mr. Stewart understands was done after the project was designed. Mr. McFee agreed.

Mr. Stewart asked several questions. "Where do we stand on that aspect? Are there changes? Are those monies included? Where will those monies come from, etc.?"

Mr. McFee replied the Town of Bluffton (Town) wrote to SCDOT Executive Director Buck Limehouse, directly, advocating for these changes. Mr. McFee does not believe SCDOT answered that letter from the Town. The County has been working with the Town to try to refine as best we can exactly what they want. In regards to the changes, the existing program budget would have to support the changes insofar as the additional cost for a rotary or anything like that.

Mr. Stewart asked if we understood what the final design would be, with respect to those potential changes, and if we had the right-of-ways in hand, would we be prepared to go forward with construction now or out for bid construction.

Mr. McFee replied at this time the right-of-way is the largest issue. But if that were solved (in Mr. Stewart's hypothetical), then we would still have the form issues with the Town (roundabouts).

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

Mr. Newton said this issue is before Council with a Natural Resources Committee recommendation to move forward, placing the question of rural and critical lands on the November 2, 2010 ballot. There were five members of Council in attendance at the June 7, 2010 Natural Resources Committee. In conversations over the last week with Mr. Sommerville, Mr. Budds, Mrs. Bluntzer and others connected with the Open Land Trust, there are a couple of observations. One, is we have a significant amount of money left in the Rural and Critical Lands Program (Program) today. Given our average expenditures, it would carry us until the general election in November 2012. Tied back in with the potential contract award to the Open Land Trust for consulting services of the Program, causes Mr. Newton to suggest perhaps, it is appropriate to refer this matter back to Natural Resources Committee, without Council's objection and Mr. Sommerville's concurrence, to receive comment from representatives of the Open Land Trust and Coastal Conservation League and others who have been watching. Clearly, in this economic time we find ourselves (and if we have the money today that exceeds our average expenditures), do we bring the referendum question forward this November and potentially saddle or strap taxpayers with an additional increase or wait and carry this matter to

the following general election November 2012? We all believe this is a successful Program and it may just be appropriate we do not need to burden our taxpayers with that at this point in time.

Mr. Sommerville is happy to take the issue back to Committee. This is a balancing act. On one hand we do not want to lose momentum or enthusiasm for what has been, by most accounts, one of the most successful programs we have in this County. We preserved thousands and thousands of acres of rural and / or critical land that would have or might have been developed in a way that would have been detrimental to the County. We have a large inventory of land at this point most of which have public access. As funds become available, we will make this available to the public in a form of passive parks and other ways. We do not want the Program to lose momentum. The last thing we want to do is give anyone the impression we are losing interest or enthusiasm in the Program. That is absolutely not true. What we are trying to do is balance it against the need to ask the taxpayers for an additional tax increase. We believe, as the Chairman pointed out, we have enough money in the Program today to last us until 2012. Obviously, land prices are low now or lower than they were in the past. This is a great time to make some good deals. We have and will continue to do that over the next year or so. There is \$10 million not yet bonded from the 2006 voter-approved \$40 million bond referendum. Mr. Sommerville believes the prudent approach is to not ask the taxpayers in November 2, 2010 to vote themselves what will amount to a tax increase, but to allow us to prudently proceed with the Program, under the leadership of the Open Land Trust through 2012, and in November 2012 perhaps come forward with a request for another referendum of additional funding.

The Chairman referred this item back to Natural Resources Committee, without objection by members of Council, for additional conversation or input from Open Land Trust and Coastal Conservation League representatives.

RURAL AND CRITICAL LANDS PRESERVATION PROGRAM CONSULTING SERVICES FOR BEAUFORT COUNTY

Main motion.

It was moved by Mr. Sommerville, as Natural Resources Committee Chairman (no second required), that 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 year with four additional one-year contract renewal periods all subject to the approval of Beaufort County.

Mr. Rodman said this item relates to changing the outside professional consulting services to provide staff support and assistance with the acquisition of land and conservation easements pursuant to the Rural and Critical Lands Program (Program). At the time we were looking at that, we anticipated having \$10 million bond remaining from the 2006 \$40 million referendum and going forward with the \$40 million, which would have entitled a certain amount of effort both in preparing for the referendum and the execution of the money if approved by the taxpayers. If we are now going to go at a slower rate for a couple of years and then come back and consider a referendum two and half years from now, does that influence the amount of

money we need to pay to the outside consultant? Mr. Rodman said it seems, perhaps, this item ought to have some kind of a review based on whatever the committee decides to do with placing the Rural and Critical Lands referendum question on the November 2010 ballot.

Mr. Newton replied we are prohibited by law to advance the outcome of a referendum question. He does not believe the dollars would be any different with or without the referendum question. They are separate items.

Mr. Rodman understands we cannot spend taxpayer money on the referendum. Whenever we move forward with the referendum, it becomes more heavily a referendum on whether did well with the first \$90 million taxpayers gave us than what we are going to do in the future. Therefore, it seems to Mr. Rodman part of the outside consulting services in some form, since they are most familiar with it, would have to be identifying what it is we did regardless of how you work out the money. Mr. Rodman believes when the question goes before the voters, it will be heavily a referendum on what we did. Mr. Rodman agrees with sending consideration of the referendum question back to Committee. He is not quite sure Council has the right dollar amount. It seems that decision might be different after the committee looks at the referendum question.

Mr. Baer supports the committee recommendation. It is time to redo the Greenprint Map. Several Council members expressed concerns about the price we paid for land and where the land is purchased. Even though the level of spending may be going down in purchasing properties, the level of study is going to go up for a while in doing this new Greenprint Map. It is appropriate to leave the recommendation as it stands.

Mr. Sommerville commented The Trust for Public Land administered the Rural and Critical Lands Program until 2009. The contract then transferred to Conservation Consulting Company. During that time, the amount we paid to The Trust for Public Land at one point was decreased by one-third. If and when it is transferred to the Open Land Trust will decrease again by another 50%. From \$30,000 to \$21,000, and then to \$12,000, it plummeted in terms of monthly costs. Mr. Sommerville certainly would not want to leave the impression that Council has not looked at the monthly costs and taken that into consideration when bringing forward the committee recommendation to employ Open Land Trust, as outside professional consulting services for the Program.

Mr. Rodman said his point was if Council delayed the referendum has the level of effort gone down.

Mr. Caporale said Mr. Rodman's comments raised sufficient concern in his mind. He, too, would think this item probably ought to go back to committee. It appears the level of spending is going to fall to less than one-half annually of what we have been spending.

Mr. Newton replied the \$18.5 million is remaining (\$10 million bond remaining from the 2006 \$40 million referendum) not a ratcheting down of the Program. Initially, the Nature Conservancy was the first Program consultant. The Program was restructured and The Trust for Public Lands

became the second Program consultant and introduced the Greenprint Map. Conservation Consulting Services become Program consultant three.

Mr. Caporale said it is not a question about the value of the Program. It is not a question of the people who managed it or what dollars the voters approved. It is solely a question in Mr. Caporale's mind about spending in general.

Mr. Newton remarked all he was trying to do was highlight there have been three or four different consultants over time. The dollar amount to run the Program is down. This is in response to a County initiated Request for Qualifications (RFQ).

Motion to amend by substitution.

It was moved by Mr. Rodman, seconded by Mr. Caporale, to refer this issue to the Natural Resources Committee to be looked at in coordination with the proposed referendum question that too, was referred to the Natural Resources Committee.

Mr. Stewart agrees with wanting to get the best deal for the County. If the numbers are not appropriate, we need to review them. The only question Mr. Stewart has with sending the issue back to committee is that there are some negotiations in the pipeline, which need to be dealt with. If we send this back to Committee, will we have anyone under contract between now and when we do bring it back and bring it back to Council.

Mr. Sommerville replied if we postpone approving staff's recommendation to award this contract to Open Land Trust, Conservation Consulting will continue to run the Program at approximately \$22,000 per month. Conservation Consulting has very graciously agreed to not leave us in the lurch under any circumstances. Mr. Stewart is absolutely right. They have established relationship with the property owners who are in the pipeline. That transition is going to be seamless and smooth no matter how it comes out.

Mr. Stewart wants to make sure Council understands that is the case. He would not want to see a period of time when things drop out and not continue forward.

Mr. Sommerville will vote against the motion to amend. He understands the concern. The concern has to do with the relative amount we might spend per year during the next two years absent a referendum. If that is the case, since 2000 we spent about \$83 million. That equates to about \$8 million per year. If we have \$18.5 million for the next two years, he does not really see that as an issue. He would like to see this transition take place as soon as possible because there is a lot Open Land Trust brings to the table. He would like to get their resources and work on the Program and that includes seeking grants, matching grants and other funding for the Program. He does not really see any reason to postpone that unless for some reason somebody objects to Open Land Trust and that is a whole other matter.

Mr. Flewelling said this issue already went through Committee. It went through significant debate. There was a proper RFQ and everybody had a chance to respond to the RFQ who was

interested in providing these services for us. He does not think anything can be gained by delaying the vote beyond tonight. It should be voted on favorably.

Mr. Caporale wants to make it is absolutely clear this is not about the Program. It is not about the people who manage it. It is about his concern with spending in general. It is interesting to note the assumption is we are going to keep spending at the same pace we have over the last nine years. That is an assumption he does not necessarily applaud. If it is acceptable, he will withdraw his second to the motion. Again, Mr. Caporale wants to make it clear it is not about the Program. It is not about the people. It is about spending in general — indebtedness.

Mr. Caporale withdrew his second to the motion to amend by substitution.

The motion to amend by substitution died for lack of a second.

Mr. Newton pointed out this contract award was in response to a Beaufort County issued Request for Qualifications. The evaluation committee consisted of Mr. Ladson Howell, staff attorney; Mr. Ed Hughes, Assessor; Mr. Dan Morgan, GIS Director; and Mr. Dave Thomas, Purchasing Director. They ranked the various respondents and determined Beaufort County Open Land Trust, a local firm, provided the best approach at a fair and reasonable price. He noted the recommendation, absent referendum consideration in this ranking, is \$144,000 for an initial term of one year with four additional one-year renewal periods. Even if we were going forward with a referendum in 2010, puts us off into the future for those considerations at that time.

Mr. Rodman's point was if the RFQ went forward and we were all under the assumption we would move forward with a referendum (now there is a good probably we will not), so under any circumstances, no matter how you cut it, there is a lower level of effort. He is not totally convinced if we were back doing it again, with the lower level of effort in front of us, we might come up with a different price. He was only questioning the level of effort and whether that relates to fees.

Mr. Caporale said even the assumption we would go to the voters in 2012 for money, is a very optimistic projection. He said he is not sure on what that optimism is based.

Mr. Newton said we may not go to the voters in 2012. As Mr. Sommerville noted, today we are spending \$20,000 a month. We have an opportunity and a request from our evaluation committee to only spend \$12,000. It is only a one-year contract. He does not know of any given month were we may have spent \$18.5 million. If we do and we spend it all, at the end of next year we are not going to renew this contract. We will see if we go to another referendum. He, too, thought the issue was pretty well vetted at committee. His concern is simply this – the more we toil around with this, it begins to look like we are, perhaps, indecisive. Mr. Rodman raised very valid points tied to the referendum. But, if we separate those two issues, realize this is a one-year contract and our staff recommended it. Mr. Newton said he is not sure what we gain from going back to committee unless we are willing to rebid and throw out all of the responses to the RFQ and start the process over.

The vote on the main motion was: FOR – Mr. Baer, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Sommerville and Mr. Stewart. OPPOSED – Mr. Caporale and Mr. Rodman. ABSENT – Ms. Von Harten. The motion passed.

AN ORDINANCE FINDING 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

This item comes before Council under the Consent Agenda. It was discussed and approved at the May 3, 2010 Finance Committee meeting.

Mr. Rodman stated Hilton Head No. 1 Public Service District is located on the north end of Hilton Head Island. As many of you know, the aquifer underneath the island has saltwater intrusion. This particular method, which has been used in other places, including Beaufort/Jasper Water and Sewer Authority, is to actually take fresh water and insert it back into the ground and then recall it when needed. This is the money to do that. Their Board of Directors has approved it. Their board members are elected officials. Council's role is more of a formality to approve this unless we see something wrong with it.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approves on second reading 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 said finding and authorization. The vote was: FOR - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT - Ms. Von Harten. The motion passed.

The Chairman announced a public hearing on this issue would be held 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, Beaufort, South Carolina.

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

The Chairman announced a public hearing on this issue would be held Monday, June 28, 2010 beginning at 6:00 p.m. in Council Chambers of the Administration Building, Beaufort, South Carolina.

CALL FOR EXECUTIVE SESSION

It was moved by Mr. Sommerville, seconded by Mr. Baer, that Council goes immediately into executive session for the purpose of receiving purpose receiving information regarding negotiations incident to proposed contractual arrangements and proposed purchase of property
The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT - Ms. Von Harten. The motion passed.

EXECUTIVE SESSION

Ms. Von Harten arrived at 6:15 p.m.

RECONVENE OF REGULAR SESSION

PRESENTATION / FY 2010 / 2011 SCHOOL DISTRICT BUDGET PROPOSAL

The Chairman stated County Council's function and role related to the School District (District) is approval of its total budget. Contrary to what was said, Council does not have the authority to exercise adjustments in the individual items within the District's budget. Council has no line item authority over the District's budget. Council appropriates a total number of dollars. Any particular program cut and any particular types of activities that may or may not be funded, all that responsibly lies exclusively with the Board of Education. He knows there was an internet posting on the District website indicating all of Council's activity took place in closed door session and Council only came out for this one opportunity for the public to address Council. Please let me assure you, as you see all the cameras in this room, as well as in the room next door, the County invested a substantial sum of money in making sure County government and every one of its deliberative process sessions are absolutely open. Every one of Council's meetings are posted on the internet and video streamed live. They are all rebroadcast on television and there are no budget discussions behind closed doors. It is against the law. It does not happen.

Mr. Rodman said he will comment on both the County and District at the same time because the paths are similar and it may be useful in terms of understanding what the open issues are. We have capital budgets and operating budgets. In the case of capital, we are talking about buildings. In the case of the County we will look at and refine as we go forward. In the case of the District, Council does not actually have a say in the capital budget except for converting the amount of money the District wants to spend into an actual tax levy. As part of Council's overall view of what happens countywide and its impact on the taxpayers, Council certainly wants to understand what that capital number is and perhaps converse a little bit with the District. Council literally does not have a say in that issue.

That leaves the operating budget, which runs from July through June. The target is to try to get those wrapped up in the month of June. Today is second reading consideration and a third and final reading is required. August is when tax levies are finalized.

As Council went through both the District budget and County budget, it is fair to say they both did a lot of hard work, a lot of good work and a lot of comprehensive work in terms of putting together budgets in a very difficult time. Part of what Council goes through is to understand and ask questions about what the issues are. As Mr. Newton said, the most Council can do is vote something up or down. Council does not want to micro-manage the County budget and so we look heavily to the Administrator and we talk on a conceptual level about whether certain items should be in or out. In both cases, good budgets, comprehensive budgets, and relatively small number of questions from Council relative to the depth and the amount of money involved in the budgets.

The only issue still on the table and one talked about in the print media a little bit and emails, is step increases (not to say we are going to decide this tonight but so the public is aware what the issue is). From the County perspective for some period of time employees have not had cost of living increases. It is in its third year of an effort to hold the line on taxes. There is one agency Council actually funds, not from the District standpoint, that has a similar type of step increase and we have asked the County Administrator to go back and to take a look at that. On the County side we have relatively few issues left, not to say some more might not rise up.

On the District side the one piece probably on the table is the fact the District asked for a tax increase and it does include step increases for teachers. As Mr. Newton said, that is not within Council's purview. The most it can do is vote something up or down. In the case of step increases, the number of steps relate to the number of service years teachers have and at some point, in the low 20's, there are no more steps beyond that. If you think about older, more experienced teachers, they would not receive a step increase if the budget held. In the case of younger teachers they would see some step increase. It is not an across-the-board type of thing.

What happens in the August timeframe when a lot more information is available, representatives of the County and District sit down and figure out the tax levy because there are a lot of moving pieces. There is some legislation in Columbia that probably won't pass, but perhaps will generate some money for the District. We always end up seeing what the fund balances are and there may be continuing discussion on how many dollars will actually roll in from the mills. Both County and District are doing a continuing good job to cut expenses where they can.

What we have before us today is second reading of both the County and District budgets. In the case of the District budget, Mr. Rodman does not anticipate too much controversy. With the County budget, there are some Council members who are very concerned about a tax increase and not having a level cost of living between the County and District. They may influence some people as they vote and go forward. Some of that discussion will become clearer in August, but in any event we still have to do the best we can to finalize these budgets during the month of June because the fiscal year starts July 1.

Mr. Fred Washington, Board of Education Chairman, requested an opportunity to make comment after the public hearing, specifically in reference to step increases. He read a prepared statement dated May 24, 2010 from Mr. Robert Arundell, Vice Chairman, to County Council:

I write this letter today because there is no greater need than that of the education of all our children and there is no more important place to address that need than at the site where its funding is at stake.

A few days ago, I underwent surgery at about 4:00 a.m. As I was resting in one of the ICU recovery rooms, I had the opportunity to watch the community channel. A rerun of the County Council's Natural Resources Committee meeting of May 14 was being aired. At that meeting, the committee voted in favor of supporting a referendum to spend an additional \$40 million for land purchase at will preserve the natural beauty that abounds in Beaufort County. The vote was 4:1 in favor of the motion. The lone dissenter had mentioned concern about bringing such a spending measure before the public at this time of economic recession. No one questioned the need to preserve our natural environment. No one objected to the added mills such a measure would bring to the taxpayers if it passes. Like me, I suspect all concerned knew the value of our land preservation efforts.

I then asked myself another question. For whom are we really preserving this nature wonder land? Our children, of course.

Last year, both County Council and the School Board held the line and did not raise property taxes. However, there is one thing that County Council did not hold the line on last year: the fees it charges the School District.

It is critical that members of Council [are] very mindful that they have control over many more wells from which to draw their water than we do. For each of the past three years, County Council has raised the amount they charge the School for stormwater fees. For each of the past three years, County council has approved increases in what the County Sheriff charges the school District for the [school resource officers] SROs [who] ensure the safety of our children. For each of the past three years, County Council has approved other increases charged to the School District. I do not question that members of Council only did so because they determined that the increase were justified. Now, for the upcoming budget, Council once again will be raised all of these different fees it charges the School District. There are two problems with this: One, you raise what you charge us for various services, but then you ask us not to raise taxes to pay for those increases. Two: we do not have different wells from which to draw water. Our operations budget is all we have. County Council can avoid a property tax increase but still draw more water by raising the cost of business licenses (up over 200% in the past five years) and raising stormwater fees, recreation fees, and the list goes on. We do not have the same luxury. Is Council prepared to pass a motion that prevents an increase to any fee we are charged by the County or any county agency over whose budget the Council has oversight?

The School District has held the line on staffing; we have held the line on overhead costs; we have held the line on energy costs. The 2% increase has nothing to do with holding the line on expenses. We have not raised the line on expenses. The 2% increase is because we refuse to lower the line on the quality of our public education. We are a growing school district, growing in numbers; growing in diversity; growing in the demands of our gifted and talented students; growing in the rage of special needs we must supply.

I support the Committee's desire to spend an additional \$40 million so that nature can continue to grow; I ask that Council support the \$2.4 million we need so that our children can continue to grow as well. Thank you.

Dr. Valerie Truesdale, Superintendent, thanked Council for the opportunity to be here tonight and to answer the many questions Council posed to us.

Mrs. Phyllis White, Chief Operations Services Officer, summarized the FY 2011 budget proposal. The total expenditure budget is \$175,300,000. The budget includes increases for teachers who experience step (about \$1.3 million), Riverview Charter School (allows expansion to grade 6), opening new schools (\$3.8 million), and other contractual items (\$2.4 million). The District decreased the base budget again for 2011 — Almost \$7 million in the last two years. There were 74 positions in 2010 (about \$4.5 million) and we now have another \$3.1 million decrease for 2011 (elimination of 15 positions, reduction in pay for some positions, reductions by District Office). The allowable increase under Act 388 cap is 2%. The District requests a 1.8 mill increase associated with the 2%.

Dr. Truesdale went through the questions posed by Council.

Question 1 – Provide a demographic breakdown by school. Answer – Typically, Council reviews District data as a whole while school data is examined by the Board of Education. However, detailed District and school data pupil enrollment trends were provided by Finance Committee of Council earlier in May. The total number of students is 19,778. The Hispanic population increased by 236 students in 2009/2010 and makes up 19% of the total enrollment. Enrollment increased in a five-year period by 740 children and in a six-year period increase by more than 1,200 children. The rate of increase declined significantly the last several years. The District is being very fiscally conservative this year and is not going to project an additional 109 students even though projections show these additional students nor add the five additional teachers. The only increase used in the budget proposal is the increase already approved two years ago for Riverview Charter School to increase by 56 students.

Question 2 – How many Limited English Proficient (LEP) students are served? Answer – The District serves 19% Hispanic learners, many of whom are LEP. The District also serves 4% LEP students, whose native language is not Spanish. For instance 55 LEP students are Asian. A designation of LEP does not mean students cannot speak any English. It means they qualify for additional services for English as a Second Language (ESOL) to support them as they learn. There are 3,038 students who receive additional support as LEP children.

Question 3 – What is the cost of ESOL teachers? Answer – The District employs 39 ESOL teachers, 24.5 from the General of Fund and 14.5 from Special Revenue Funds (Lottery and At-Risk) for a support cost of \$2,518.013. These support costs are in addition to services provided to all students. Interestingly, the percentage of ESOL students’ services in Bluffton and Hilton Head Island schools increased from 92% to 87% [sic]. The ESOL students served in schools in northern Beaufort County increased. Shanklin Elementary and Battery Creek High School in particular increased ESOL populations. Tremendous progress has been made in increasing English proficiency for ESOL students in Beaufort County in the last two years. English proficiency scores for ESOL students are the fourth highest in the state. In 2008, no elementary or middle school made federal Adequate Yearly Progress (AYP) for LEP learners. In 2009, all elementary schools and all middle schools made AYP for LEP in English and in math. Only Hilton Head Island High School and Bluffton High School did not make AYP in 2009. In the FY 2009-2010 budget the District reduced the budget by eight ESOL teachers while opening three new schools, one of which is more than 50% Hispanic, and while the limited English proficient population grew from 14% to 15.4%, an increase of 312 students. By increasing targeted instruction, amplified with software and Extended Learning Time, the District is making gains. The state recommends one teacher to serve every 60 ESOL students which would be 50 teachers. The District ratio is one ESOL teacher for every 50 student, yet it is making strides and recently was complimented by the State Department of Education for making tremendous progress.

Question 4 – Provide pupil enrollment over time. Answer – The District grew by 744 students, or 3.9% in the past five years. The District opened four new schools, including Riverview Charter School and will open three more schools in fall 2010.

Question 5 – Provide revenue and expenditures trend. Answer – In 2009/10, the District opened four new schools, including Riverview Charter School, reduced staff by 74 positions (a total reduction in budget of \$4.5 million) and brought in a no tax increase budget. For 2010-11, the District requests a 2% increase budget and three more schools will open with an additional decrease of 15 staff. In a two-year period, the District will open seven new schools with a net reduction of 89 staff members. It is important to note each time the State mandates a teacher salary increase, 1% equates to approximately \$1 million. This does not include any other increases the State may mandate such as retirement matches and insurances costs. Therefore, in order for the District not to have a tax increase (hold the line); it would need to cut costs or have sufficient growth in the assessed value to cover the mandated costs. The District cut more than \$7 million in the past two years to minimize impact on taxpayers of costs due to State mandates and opening of new schools.

Question 6 – Provide information on collections. Answer – The District has not received 100% in collections. In developing the 2010/11 budget, the District uses an estimate of 98% for collections for it is clear collections are short every year.

Question 7 – Provide expenditures by student. Answer – The State Department of Education Insite report, which is the audited record of school district general fund expenditures per student

(average daily membership, not enrollment) in 2009, was \$10,505 per student. According to the Budget and Control Board, this is the only official data on expenditures by student.

Question 8 – Explain the per-Kindergarten Pupil data. Answer – Three- and four-year olds are served in Beaufort County Schools if they qualify for special needs. Service for these students is funded by federal Individuals with Disabilities Education Act (IDEA) allocation. In 2008/09, 107 students, and in 2009/10, 44 special needs pre-schoolers were served. Four-year olds in Beaufort County are served only if they qualify as “at risk,” as defined by the South Carolina State Board of Education. Tight controls are in place to ensure all four-year olds who are served qualify under “at risk” criteria. In 2008/09, 723 students were served. By changing the model to half-day programs and serving full day only in Title I schools, the District was able to serve more at risk students on the waiting list. The District was able to serve 825 4K students in 2009-10, without adding teachers. The 4K program costs approximately \$2.4 million. In 2009/10 the District partnered with Head Start for a grant using stimulus funds, and 13 additional classes of children ages 0-3 are now served in Whale Branch and St. Helena communities.

Question 9 – What would you cut if Council does not fund the requested budget? Answer – In preparation for the 2009/10 budget, the Board of Education directed the District to break down services into categories. Tier I includes those services required by law or regulation. Tier II are services supporting the classroom. Tier III are those services needed but could be cut if the budget were not supported. Tier III items include safety items such as school resource officers and hall monitors and early childhood services such as pre-Kindergarten teachers and assistants. There is also an insurance item paid by the District for all staff for several years which, if cut, would be a reduction in salary for every District employee. There has been a stated goal of preserving class sizes. Currently, there are 154 classes larger than 30 students in the District middle and high schools, 21 of which are larger than 25. With staffing as tight as it is, further cuts would mean we cannot add teachers if enrollment increases. Although we are projected to grow by 109 students for next year, staffing held flat (except for Riverview Charter School increase of 56 students). The District developed a budget which means schools will have to absorb the estimated 109 additional students in 2010-11.

Question 10 – The General Assembly is considering allowing school districts to freeze the step increase on the teacher salary schedule and mandating furloughs for school and district administrators. What would that mean to the District? Answer – In South Carolina the General Assembly sets teachers’ salaries in a statewide teacher salary scale. Each year, the scale increases by an average of 2% up to the 23rd year of service. In addition to step increases, the General Assembly typically legislates a cost of living increase. There was no cost of living increase for teachers in 2009-10 and there will be none in 2010-11. The step increase in the teacher salary scale has not been frozen before. In Beaufort County, if schools froze the step increase and furloughed all school and district administrators for two days, the savings would be \$1.3 million. Each teacher would lose approximately 2% of his / her salary and every assistant principal, principal, athletic director, coordinators director and all administrators would lose two days of pay. Concerns about this course of action are immense. The cost of living in Beaufort County is highest in the state. Eighty-nine staff positions have been cut in two years while seven new schools will be opened and student achievement data trends solidly in a positive direction.

Teachers and instructional leaders are being asked to do much more with less. To reduce their pay further would lose additional funds to the local economy. This course of action is not recommended by the District and is not approved by the Board of Education.

Question 11 – With the low enrollment on Daufuskie Island, would it not be more cost effective to close the school and ferry students to Hilton Head? Answer – It would be cost efficient to close the Daufuskie School. The District currently transports students to the middle and high schools. The District and Board of Education do not support transportation of children ages 5 through 10 across to Hilton Head Island. The District was able to increase efficiency in 2009 /10 by employing a teacher who moved to live on Daufuskie. Daufuskie Elementary made federal Adequate Yearly Progress (APY) in 2009 for the first time.

Question 12 – What are all sources of funds? Answer – Education Improvement (EIA) funding decreased due to State cuts. Between FY 2006 and FY 2007 \$12.9 million was lost from the State and \$15.8 million has been lost from the state since FY 2005.

Question 13 – Is the District making academic progress? Answer – There is a positive trend toward increasing academic achievement in Beaufort County. Our goal is to meet or exceed the state and national averages in all grade levels and subject areas on state assessments (PASS< EOCEP and HSAP) in addition to increasing our students’ scores on the ACT, SAT and MAP tests. The positive momentum has been building. The District celebrates the academic achievement of its students: (i) 128 eighth grade students were recognized as Junior Scholars 2009, (ii) 12 schools made Adequate Yearly Progress in 2009 compared to 4 in 2008, (iii) The number of schools deemed “at-risk” on SC School Report Card reduced from 4 schools in 2008 to just 1 school in 2009, (iv) Six schools received an Absolute Rating of “good” on SC School Report Card in 2009, compared to only 2 schools in 2008, (v)The 2010 Spring MAP (measure of Academic Progress) tests scores exceeded the 2009 Spring MAP scores in every tested area. Sixteen of 18 tested areas met or exceeded the national average. (vi) On the 2009 PASS, 7 of 30 measures met or exceeded the state average compared with 1 of 24 on the 2008 PACT measures. Student achievement results continue to show the District moves forward toward meeting 2001-12 Strategic Plan goals.

Question 12 – What are all sources of funds? Answer – Education Improvement Act (EIA) funding decreased due to State cuts. Between FY 2006 and FY 2007 the District lost \$12.9 million in Education Finance Act (EFA) and \$15.8 million has been lost from the state since FY 2005.

The Chairman opened a public hearing at 6:52 p.m. and recognized Mr. Michael Allen, who was chosen as teacher of the year in 2008-2009 and has chosen to advocate for teachers. He asked Council to fund the budget as requested. He cited statements by John Adams and Thomas Jefferson. He asked Council not to lose the progress made.

Ms. Renata Booth, a teacher at Mossy Oaks Elementary, represented her fellow faculty members. She asked that Council fund the budget. Teachers have been fighting an erosion of their support system. 12 schools made AYP this year because of hard work in the classroom.

Teachers have to maintain their licenses through continuing education to ensure best practices in their specialties and more. This has led to the trend of improvement. Tier III cuts would be a devastating blow to their trend of progression. She said putting the burden of the tax problem on teachers is unfair.

Ms. Susan Prekop, a first grade teacher at Mossy Oaks Elementary, said she and most teachers rarely work an 8-hour day owing to preparation time. They work without lunches and breaks, in addition to spending time attaining professional development. They also research, write grants and fund materials, etc. from their own pockets. They mentor co-workers, serve on committees, and attend various events with parents such as the PTO. They must attend frequent meetings, be technology-proficient, and submit regular reports, all of which is time consuming. Every teacher plays many roles beyond their work in instruction in the classroom.

Ms. Constance Higginbotham, a retired teacher, said the School District has not provided cost of living raises to its employees and has delayed hirings, etc., yet there has been a 200% increase in the number of schools which made AYP as well as other district-wide accomplishments. She is concerned about reductions in income and benefits, and the impact the absence of raises has on the community and the schools' students. She went on to identify other possible cuts and reductions that will also affect teachers and their students. She feels this is unjust and that the \$4 million must be found to fund public education.

Ms. Susan Dee said she has seen a tremendous change in the school system in the last few years in terms of safety and curriculum through the efforts of teachers. Pulling back on their salaries will not let them finish and truly win the race they are currently pulling ahead in. She feels morale is low and teachers need to be rewarded for hard work.

Ms. Karinanne Koenig worked in the School District 17 years. When she first came to the school district, she was "shocked and appalled," but Dr. Truesdale's arrival made a huge difference. She no longer needs to leave the state to continue her own education. She asked Council not just approve the budget but fund it in order to continue to attract excellent educators.

Mr. Jim Bequette, a Board of Education member, said council quadrupled the business license rates, not doubled them as previously stated. He presented information from the state about revenue projections per student. He feels people have been misled by the state legislature's "revenue guesstimate." He said this is hurting the reputation of the school board. 24 other districts have higher costs per student than Beaufort County does, not 2 as previously stated. He feels the actual amount per student is \$10,505.

Mr. Eric Gnau said he believes all citizens should be provided the best education systems available, but he is opposed to the way this increase is funded. Teachers are his heroes, and he believes they deserve a large increase, but in times of economic uncertainty, a tax increase will be very difficult. As a realtor, he is aware of the potential difficulties for second-home buyers and small businesses. He believes the Council should seek other ways to fund the salary increases.

Mr. Brad Smith, a science teacher at Beaufort High, said he left a job in management to teach high school and to bring what he could to students from his experience in the work place. He loves his job. Other teachers left businesses to move into the classroom and take children to the next level. He feels education is about investment, not taxes. He went on to describe the benefits of this investment.

Mr. Jim Olsen, a retired Marine turned teacher, said he encourages Marines leaving active duty to go into teaching. He often hears that people do not want to go into teaching because they feel they will not make enough money to support their families. He spent \$1,000 of his own money this year to provide “stuff” to his students. He asked Council to support the increase.

Ms. Sharon Brown said she is uncertain why they should have to come before council to plead to keep the quality teachers they have in the school district currently. She works in the school system and knows how hard the teachers work. She feels the Council needs to “have a heart for our students” to get a quality education and go on to good post-secondary schools.

Ms. Marion Shumake is a retired teacher. She is a child advocate and in favor of education. She said it is “so much cheaper to educate a child than to keep them in prison.” She said she assumes that council is educated and professional, which they obtained from teachers.

Mr. George Wilson, Board of Education member, said 45 years ago he thought about being a teacher but chose not to because of economic reasons. He feels teachers are social workers and are sometimes more loving and understanding than parents. They wear many other hats as well. He sometimes feels he would have enjoyed being a teacher. He believes in public education and believes the children need a better education for the United States to continue to be a competitive world power.

Mr. Dan Durbin, principal of Beaufort High School, said Council is hearing what they already know, but he feels transparency from the school district is not accepted. They “cut to the nitty gritty” about what they want and need, and this allowed the county to look closely at their request. They have not heard from the principals who watch what happens in classrooms; the teachers interacting with students are what make the difference. The average teacher will pay \$1,100 a year “for the right to teach our children.”

Mr. Kevin Sandusky, a physics teacher at Bluffton High, shared some specifics about the effects of the budget cut if there is no tax increase. The number of students in the AP program at his school increased, and they are adding honors sections in science, all while “running on half an engine.” It is easier to find better-paying jobs elsewhere, so there are expenses when people leave to make more money and staff has to be replaced and retrained. He said a lot is at stake with this decision.

Ms. Beth Fox has been a teacher for 32 years. She is concerned Beaufort County will fall further behind in education, particularly in regard to replacing retiring teachers. Beaufort County is a wealthy county and once prided itself on the competitive salaries it offered teachers to give children a world-class education. This is no longer the case and she feels Beaufort County is

“handicapping itself.” The current, bare-bones budget will keep them from falling even further behind and allow them to be “at least average.”

Ms. Colleen Wynn taught in Beaufort County schools for 26 years and is the current teacher of the year in the district. She urged the council to fund the School District budget as proposed. Many programs could be in jeopardy if this budget is not funded. Losing funding in preschool will have a huge impact on some students. Businesses will suffer, too, because the staffs will have fewer disposable dollars.

Ms. Adrienne Sutton, principal of Hilton Head Island Early Childhood Center, brought her staff and said they all support the budget presented to council. She said she feels many difficult decisions were made, “but the integrity of our work still stands.” She asked Council support the work of all of those who created the budget.

Ms. Debra Clark is a parent. Her children are in Beaufort County schools and feels that this should not even be up for question; the budget should be funded. She invited Council to spend one day with a teacher and said that if they did, there would be no question of funding this budget.

Mr. Bill Weiss said he has children in the School District and while he does not know where the money will come from, he implored Council to find the money to pay the teachers who educate the children.

After call twice more for public comment and receiving none, the Chairman declared the hearing closed at 7:42 p.m.

Mr. Washington said the District is not where it wants to be, but it is trending in the right direction. The District is making progress academically, in student behavior, parental involvement, and community partnerships. Mr. Washington served on two BRAC (Base Realignment Closure) committees. One of the factors seriously considered by the federal government is the quality of public education. That carries great weight in whether this area retains those bases. According to Mr. Donald Schunk, Research Economist at Coastal Carolina University, the military impact on the local economy is \$1.2 billion annually. More than \$615 million of it is at MCAS Beaufort. There will be another BRAC. In the meantime we need to position ourselves to ensure our public education system meets the needs of the Department of Defense and enhances our position to retaining the military installations in this community. Teachers are a critical part of that process and teacher step increases are critical to retaining teachers. Teachers are the primary educators of our children. We need to do something to ensure we have the very best teachers in our District. Not only did Mr. Washington say he believes in raising the salaries of teachers he also believes in holding them accountable. If they do not perform, he is a supporter of removing folks who do not produce. We have to pay teachers well. We have to demonstrate being the teacher, not an administrator, pays off. Council and Board of Education worked well the past three years and hopefully, we will continue to work well into the future.

Mr. Newton applauded the audience for attending today's public hearing. He is a little concerned because some of what he hears suggests there has been a rumor started that somehow Council set in motion certain cuts in the District budget, which is not true. It was said we are in a partnership and Mr. Newton highlighted that just a little bit, but not specifically regarding this operating budget. Dr. Truesdale talked about the loss in state funds and she knows that it is near and dear to Mr. Newton's heart — the amount of state funding or the lack of state funding we receive in Beaufort County. Ms. Higginbotham spoke in excess of \$100 million collected in Beaufort County and the fact zero, zero dollars come back to Beaufort County. Mr. Newton asked this question, "How many of you all in this room have written to your Senator or Legislator this year and every year since 2005?" He asked for a show of hands. It ought to be everyone raising their hand. Separate and apart from our discussion about this budget and local tax dollars, it is an absolute disgrace the State of South Carolina funds the children in Beaufort County, the District and your organization to the level it does. Mr. Newton challenge, "Thank you for coming here tonight. We are glad you are here and hope to see you again June 14. But, between now and then send an email to your House member, send an email to your Senator, that says 'you want to know what they are going to do this year and what they are going to next year about fixing the education funding problems in Beaufort.'" For too long it has not been the number one topic on their minds. Out of 87 school districts in South Carolina, Beaufort County receives less money than any other school district. In fact, we are the only school district in the entire state to receive zero dollars from the primary education funding formula. While Mr. Newton is delighted with those in attendance today and hopes to see twice as big a turnout on June 14, each of you has an opportunity to reach out to your Senators and House members. Mr. Newton said he wishes every member of the Legislative Delegation was in attendance today because Council goes through this exercise, to some degree, every year it receives the budget. In large part the folks in Columbia do not hear from teachers about what the needs are in the school system. Otherwise, we would not continuously be at the bottom of the rung of funding state education.

Mr. Rodman stated Council does not get into any individual line items. The more experienced teachers, those who have been in the system long enough, no longer qualify for step increases. They are not impacted either way. If step increases go forward, what that means is administrators would stay level (they would not get an increase) and the only people who would get the increase would be the more junior teachers, who would still qualify for the step those below 23 years. It is not as if it is all or nothing. We are basically talking about teachers who are at the bottom end. Having served as a member of Board of Education, Mr. Rodman believes they do, in fact, have a difficult time.

Mr. Rodman remarked it is also fair to say looking over the past five years, some of the comments might have inferred Council did not fund those budgets, but he believes Council funded those budgets in full, as requested. In prior years when there were disagreements, discussion centered around maintenance of local efforts where there were not agreement, then you had to go back and look at what the enrollment increase was and what the inflation rate was. That calculation did not take in account Beaufort County was losing all that money from the state. To some extent, we have all been playing catch up in the last couple of years given the underfunding by the state. It is a bit of a long shot but Senator Davis was a leader in getting

some money into the Senate budget which we understand is in jeopardy, certainly in the House budget, but we will see what comes out of that. Perhaps there is a little bit bigger dip into the fund balance that has built up and administration would continue its projectory of continuing to take some money out. Mr. Rodman's personal feeling is Council should approve the budget, recognize there is still a lot of hard work to do, target a no tax increase and see if we can make that come together in the next three months.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approves on second reading the School District FY 2010 / 2011 budget tax levy of 92.07 mills for school operations and 26.33 mills for school debt service.

Mr. Rodman said Council will potentially revisit the mills as we work through the next three months. The critical number is \$175,270,150 the amount to be appropriated, the maximum the District can spend without coming back to Council for additional approval.

Mr. Caporale clarified the metaphor of Rural and Critical Lands Program and preserving land used. Council had earlier discussion today and the referendum question has been sent back to committee. That is a measure of how Council is viewing these years economically and financially. It is very difficult for everyone, not just teachers. Everyone.

Mr. Baer is going to vote for the District budget. The Board of Education did a very good job at putting together data and answering Council questions. Mr. Baer said he attended an intercity school, which Beaufort County School District would consider decrepit and condemned. We had 25 to 30 students per class. We did not have student parking lots, football stadiums, and we still learned. Although the District has some different problems, the District efficiency is about 13 certified, about half of the efficiency from the school systems that he came from as a kid. Over the years the District is going to have to work on that. One way to keep salaries up is to raise classroom size. It creates other problems, but probably 70% of the District budget is in salaries. It is a tough pill to swallow, but everyone has to tighten their belts. He is going to vote for the budget at second reading, but that is a goal the District will have to look at in future years.

Mr. Sommerville will vote for the District budget at second reading. He complimented the Board of Education with whom Council has had an excellent working relationship since he has served on Council. The administration did an excellent job and most of all the principals and the teachers who made all of this happen. Mr. Sommerville has two children enrolled in the school system and is very impressed with the product he sees. The people of Beaufort County are no different from people in any other county. They want three things from the schools – results, security / safety, and financial stewardship. Tonight we are talking about financial stewardship. He would not, however, feel right unless he commented on the other two. On the security issue, do not reduce the number of hall monitors or school resources officers. He does think anybody intends to do that, but there are always problems and we need that support. Insofar as how his budget is going to be funded, because of the screwy system the Legislature gave us for funding schools (we do not have a choice on how to do it), we either do it the way it is prescribed or we don't do it. We cannot pick A, B or C. There is no A or B, only C. That C for operations is what we call 6% properties. He heard 6% properties referred to as second homes. There is no

question they are second homes. Mr. Sommerville owns six of them and they are not second homes. By voting for this budget, he is voting for a tax increase on six homes. It is very significant to him, but it is well worth it, not just because he has children in the system, if he did not have two children in the system or any children in the system, he would say exactly the same thing and feel exactly the same way. He is happy to vote for the budget proposed.

Mr. Newton noted any tax increase is not just on the 6% properties. It is everything taxed other than 4% properties. It is every car, boat, business, airplane, every type of personal property. It is everything, but primary residence. The distinction between resident and non-resident somehow sort of gets blurred and really does not appropriately or clearly convey what is subject to an increase.

Mr. Flewelling said he intends to vote for the budget tonight, but still has some unresolved issues. One of the issues is the number of students. Dr. Truesdale, having anticipated Mr. Flewelling's question, contacted the State Department of Education today. The question is, "Are 4K students counted as a half-day or a full-day kid"? Several years ago the State Department of Education made the decision that all children count as one unit whether they are taught half day or full day. So they are counted in enrollment as a whole kid. However, the District staff as a half kid.

Mr. Caporale replied that also impacts the total enrollment in a different way. Dr. Truesdale replied the District challenged the State Department of Education (DoE) on that and said should we not adjust the 4K numbers to half FTE for each of the students? Across the state it is reported exactly that way. Their suggestion was: do not change it for Beaufort County because you will be downgrading if we ever do get EFA.

Mr. Caporale remarked DoE likes uniformity because it makes creative thought easier for them.

Mr. Flewelling said if you count full time equivalency, the District change from 2010 to 2011 projection is flat.

Mrs. Truesdale stated the DoE has used this accounting method for several years. 2008 to 2009 was the same accounting. The District had half-day students for a long time. In Beaufort County just a few years ago, schools had half days or full days depending on whether they had students on their waiting list and how persuasive they were in arguing their case for their budget. What the District did two years ago, in light of the economic downturn and Board of Education request, was to bring in a zero tax increase budget and to look at shifting all full day programs in Title I schools to the second or first half of the day to Title I dollars, and all of the other programs in all of the other schools were reduced to a half day. The District had half-day programs for years and years. Mr. Flewelling thanked Dr. Truesdale for answering his question.

Ms. Von Harten reminded everyone Beaufort County is considered a wealthy county. The assessed value per pupil in 2006 in Beaufort County was approximately \$85,000 while in Clarendon County it was \$6,000 per student. Mr. Newton implored the teachers to please contact their Legislators. But the Legislators, who represent Beaufort County, get it. They know. The

problem is there are Legislators in other counties who do not want to the change the system because the way the present system ensures their school districts receive plenty of money. Areas like Greenville receive tons of money. There are several different factors that play into that. One is the economic development effort. They put a lot of land into *fee-in-lieu* of taxes arrangements. What that means is all that very valuable industrial land is not included in their assessment. That puts Beaufort County at a real disadvantage. The only way we are going to be able to change that is, not by communicating with Senator Tom Davis or Representative Shannon Erickson or Representative Bill Herbkersman or Representative Richard Chalk, but by talking to your relatives who live in other counties, the grandparents of your children, your neighbors who have relatives in other places. Get them to write letters to their Legislators, because it is the other Legislators in South Carolina who are holding back reform. Thank you for your interest and the hard work you do for our children.

Mr. Stewart encouraged teachers to write not only Beaufort County Legislators, but certainly the leaders in the House and Senate, as well as any Legislative members because they do have a vote. Our Legislators have only one vote and they cannot sway the consensus of the state. Going back to what we heard here this evening, a lot of emphasis was placed on step increases. We talked about step increases. Mr. Rodman mentioned it. As we also indicated, Council only looks at the bottom line number. Council is not looking at line item issues. The House and Senator passed it. It is on the Governor's desk. He will apparently sign it and it will be a reality that one can take advantage of. Council asks the District to reduce (it is up to the District where they reduce the money) the overall bottom line. When we talk about salaries and that is the issue here tonight, Council has to look at the entire County, not only school teachers and administrators, but firefighters, EMS, and all county government employees. Before serving on Council there was a great concern county employees, as a whole, were underpaid. Council has not been able to raise those salaries to the level they should be. Council held their line with no pay increases and no cost of living adjustments for the entire four years he served on Council. As an example, firefighters were underpaid and Council agreed to a five-year program to increase one-fifth each year for five years to bring them up to where they should be to be competitive. This year as well as last year, Council has had to tell them they would not be getting that step increase. Firefighters agreed, accepted that, and dealt with it. Teachers are not the only ones being asked to consider a freeze in step increase. Council has to look at that across the County to all employees. When Council raises its millage, it has to raise it across the board for all citizens -- primary homeowners, secondary homeowners, etc. Whereas if the District increases its millage, it does not include the primary homeowner, but it certainly does include a lot of people who rent and who do not own homes because they will get that passed down to them through increased rents, etc. It does affect other people. It does affect people who are not primary homeowners. It is a very complex issue. Council has to look at it, not just as the District, but countywide, all employees, everyone working in the county. That has to be taken into consideration and thinking about it from a bigger picture, broader perspective when you think about what Council is trying to decide and what it is trying to do.

Mr. Glaze commented on the statement made Council is holding the line on taxes. That is a good statement, but what was the effect of holding the line of taxes. Council should not approve the District budget on third and final reading if it is not going to fund the budget in August when the

millage is set. You educate the child or you jail the adult. If an education budget is difficult to fund, try educating ignorance and see how much that costs. Our students are an investment. Council needs to do what is necessary. What is more expensive preserving land or preserving a mind? Mr. Glaze does not want to pay more taxes, but sometimes it is necessary to improve the education system. Do what is necessary, not for the teachers, but the students of Beaufort County as a whole. We can find the money to fund the District budget at the requested level.

Mr. Newton said Council finds itself in a situation where there is record double digit unemployment in Beaufort County. We will have the largest number of foreclosed properties in Beaufort County next month ever. More than 2,000 homes were foreclosed in Beaufort County last year. A decision to increase taxes is not made lightly, nor is it one that can simply be dismissed as “something we must do.” It is a balancing act. Board of Education member Jim Bequette mentioned earlier the County business license fees increased exponentially four times. If Mr. Bequette will recall, it was at the time the state cut \$16 million from public education that Council reduced its budget and raised business license fees so the District budget was fully funded. Council worked in partnership with the District. We recognize the significance and importance of public education to the point we reduced County operations very dramatically over the years especially in years when there were big state cuts in order to keep the District whole or as close to whole as possible. Mr. Newton intends to vote in favor of the budget tonight. He is hopeful Senator Davis’ \$4 million he was able to include on the House version, remains in the budget proviso. However, House members today passed a version of the budget that did not include the \$4 million. Maybe the question ought to be, “Why not?” “What do you intend to do out it?” Or send an email to our Legislative Delegation and each member of the General Assembly to ask them, “Why aren’t the children in Beaufort County important enough to receive \$1 of EFA funding?” This is a question that needs to be asked. The strain and burden placed on property owners in Beaufort County, of all kinds of property, is significant because we allowed the state to get away with what they have done. Mr. Newton cannot underscore that need enough. Board of Education Chairman Fred Washington and Mr. Newton have talked on a number of occasions and probably will continue to talk whether we think we have viable lawsuit against the State of South Carolina for treating Beaufort County differently than any other county or any other school district in the state. For the moment we are not yet convinced that is the best deployment of your dollars.

The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Stewart, Mr. Sommerville and Ms. Von Harten. The motion passed.

MOTION OF EXTEND

It was moved by Mr. Baer, seconded by Mr. Dawson, that Council extends beyond 8:00 p.m. The vote was: FOR – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Stewart and Mr. Sommerville. ABSENT – Ms. Von Harten. The motion passed.

PRESENTATION / FY 2010 / 2011 COUNTY BUDGET PROPOSAL

Mr. Bryan Hill, Deputy County Administrator, reviewed the budget FY 2011 chronology: completed departments' goals and objectives, completed descriptions of services, reviewed all personnel requests, submitted five-year budget and participated in six Finance Committee meetings between April and May. Consideration of first reading approval was May 10. Second reading approval is scheduled for today, May 25 and third and final reading is June 14.

The FY 2011 County budget proposal requires a total fund allocation in the amount of \$104,192,036. Expenditures by division: general government \$20,969,337, public safety \$43,008,695, public works \$16,396,265, public health \$5,235,861, public welfare \$938,259, cultural and recreation \$8,940,171, fund transfers \$3,987,148 and education allocation \$4,716,300. The State of South Carolina requires the County have a balanced budget. To get there the various revenue sources are: Taxes \$79,985,015, license and permits \$2,501,000, inter-government \$7,686,826, charges for services \$10,637,150, fines and forfeitures \$1,035,650, interest \$190,000, miscellaneous \$760,000 and other financing sources \$1,396,395.

FY 2011 Achievements and Goals: Maintained 30 vacancies during FY 2010. Project maintaining 40 to 60 vacancies in FY 2011. Implemented a semi-hiring freeze. Eliminated the Airport contribution from general fund budget. Combined the Ecology initiatives in FY 2010 and FY 2011. Continue pursuing federal and state grant opportunities. EMS Study is included in this budget as well the Form-Based Code Study, the latter which is a \$450,000 to \$500,000 initiative over three years coupled with partnering with the City of Beaufort and Town of Port Royal and hopefully the Town of Bluffton and Hilton Head Island going forward. Transportation analysis / Ferry Services options include money to have an expert opine of the best course of action going forward. The discounted millage value assumption is \$1,742,286 (97% collection rate). The School District is discounted 98%. Staff started with a one-year budget, moved to a three-year budget and now has a five-year budget. FY 2011 requested budget was \$112 million and after staff reviewed every single line item the proposed budget is \$104,192,036. This achieves Council's goal of a no mill increase. In FY 2012, the \$113,893,042 requested budget, depending on growth and a millage increase (if there is one), may include service cuts but hopefully growth will allow a budget with a cost of living adjustment.

County debt service general obligation and referendum. The debt service payment in FY 2011 is \$17.3 million and was \$1.36 million in FY 2001. This is an approximate \$3.7 million increase this year due to a FY 2010 (FY 2009 Bond Anticipate Note) borrowing of \$48,755,000 million payments just coming due in FY 2011. A breakdown of the \$1.3 million debt service payments are \$11.6 million for general obligation debt and \$5.7 million for rural and critical land (voted referendum) debt. FY 2009 bond anticipation note borrowing in the amount of \$48,755,000 includes: \$20 million rural and critical lands (voter approved), \$19.4 million countywide public safety improvements (\$16 million was spent on radios of which the municipalities, fire districts and everybody who uses an emergency radio was a beneficiary) system and mobile data units interlinked with public safety vehicles, \$3.4 million parks and leisure services (Buckwalter and Burton Wells), \$2.255 million St. Helena Library at Penn Center (restored funds), \$1.5 million public works boat landings at Port Royal Sands and C.C. Haigh, \$1 million Adult Day Care Center, \$800,000 Manatron tax system upgrade and \$400,000 general government.

Administration achievements include no operational millage increase. This budget proposal does not include any growth in the millage, no use of general fund balance and no cost of living allowance for the third consecutive year. The maintenance of 40 to 60 vacancies might be a little steeper going forward. The operation millage FY 2011 is 40.21 the same as in FY 2010. The budget change is .07% of \$83,000.

Administration Budget Assumptions. First reading proposal on May 10 debt structure FY 2011 (tax year 2010) included a voter-approved Rural and Critical Lands Program debt increase to 3.45 mills or approximately \$6.2 million. Non-voted county issued debt (buildings and such) was 6.43 mills or approximately \$11.5 million. The total proposed debt millage was 9.88 mills or approximately \$17.7 million. Council asked staff to go back and find ways to reduce debt service FY 2011. Staff proposes at second reading today, May 24, debt structure FY 2011 (tax year 2010) a voter-approved Rural and Critical Lands Program debt increase to 3.57 mills or approximately \$5.7 million. Non-voted county issued debt (buildings and such) 5.90 mills or approximately \$11.6 million. The total proposed debt millage is 9.47 mills or approximately \$17.3 million. This is a slight decrease by using a retainage of all funds. Staff is going to continue researching how it can decrease that millage further.

Other potential millage reduction sources include a payroll analysis, potential use of fund balance, privatization and reorganization.

Mr. Caporale was told when the first Rural and Critical Lands Program (Program) referendum passed, the millage was levied right away on that debt and the suggestion was delaying the levy of the millage may have accounted in some fashion for what we are now looking now with this increase. Mr. Hill replied the county would not levy the debt until we borrow the money. Every time we borrow money we levy the millage that year.

Mr. Newton stated when the Program was first put in place, before there was a borrowing, it was a pay-as-you-go Program. When the Program was first put in place, a number of mills were levied and that is all there was to spend. Then, Council went to the voters with the first referendum and borrowed \$40 million and the debt millage came on and the debt service had to be paid back. The referendum question was do you authorize the borrowing of \$40 million and the corresponding tax levy that has to pay back that \$40 million, not the adding of 2 mills on the tax bills here on out. If someone went back to 1998, there was one mill on the tax rolls, but it was simply a pay-as-you-go Program.

Mr. Baer asked why Rural and Critical Lands millage went up from 3.45 to 3.75. Non-voted county debt went from 6.43 to 5.90 (about half of a mill), but our calculation of retainage showed it should have been closer to .07 of a mill. Mr. Hill replied staff was using a \$1.8 mill rate when we first started this process. When the Chief Financial Officer and he looked at collection rates and we discounted by 3%, that went from 1.8 down to 1.742.

Mr. Baer stated the answer to his question is the assumed dollars per mill went down.

Mr. Hill replied every week Mr. Starkey provides a description of where the mill rate is. Mr. Hill is using the most conservative model as of right now hoping on August 15 or when the mill rate is certified, we have higher mill rate and we can readjust again.

The Chairman opened a public hearing at 8:33 p.m. for the purpose of receiving information from the public on the FY 2010 / 2011 County budget proposal. After calling three times for public hearing and receiving none, the Chairman declared the hearing closed at 8:34 p.m.

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council approves on second reading the proposed FY 2010 / 2011 budget at 40.21 mills County Operations, 3.45 mills Purchase of Real Property Program, and 6.43 mills County Debt Service. Additionally, Bluffton Fire District at 19.67 mills operating and .37 mills debt service, Burton Fire District at 55.87 mills operating and 5.53 mills debt service, Daufuskie Island Fire District at 30.11 mills operating and 2.25 mills debt service, Lady's Island/St. Helena Island Fire District 30.39 mills operating and 1.50 mills debt service, and Sheldon Fire District 32.09 mills operating and 2.14 mills debt service.

Mr. Rodman remarked Mr. Stewart brought up one of the things Council ought to do is take county operations millage up to the maximum allowable under Act 388 in order to protect future years and then take a corresponding equal amount down.

Mr. Newton said Council needs to be clear because the perception will be the County had an increase on both the operating and debt side because all those millages will increase from the previous year.

Mr. Baer voted against the budget on first reading approval, but will support the budget on second reading tonight with reservations simply because of the spirit of answering of the questions from Mr. Hill was good. He pointed out using staff's latest data as of May 21 from his district, in an average house taxes are going to go up by 7.95% on an owner-occupied house and 4.91% for a non-owner occupied house. To be fair that includes the stormwater utility fee increase as well. One of the largest causes of this percentage increase is County debt. He knows there are things we bought in the past and we cannot change that and will have a hard time undoing it, but as he looks ahead to Council sessions between now and August he sees a lot of things that worry him. He sees a large CIP list with questions about projects on the list. We have still not solved our Airport financing problem; they owe us \$2.1 million. Their budget is unbalanced so somehow or other that money has to come from somewhere. He said he is afraid it will wind up coming from the operating budget. A bunch of other things he will not enumerate tonight. There are worrisome things in the budget that we owe it to the taxpayers to solve before we sent the final millage. They will not tolerate us wasting money or spending money on anything we have not measured three times before we write the check. In previous years we could get away with that, this year we simply cannot. Someone pointed out foreclosures. Mr. Baer lives in a modestly well-off neighborhood and there are three foreclosures within walking distance of his house. He shudders to think how many there are elsewhere within a short drive from his home. People are really strapped and any increase in taxes like 7.95% is going to hurt

them. It is up to Council to really manage this budget in the next few months. Mr. Baer will become very hardnosed over that period.

Mr. Newton remarked the FY 2009 Bond Anticipate Note borrowing of \$48,755,000 includes \$16 million for the purchase of radios countywide of which the municipalities were the beneficiary, as well as the fire districts and everybody who uses an emergency radio Beaufort County. These radios were bought and paid for in this CIP budget. Otherwise, every one of those entities would be having an increase or add onto their budget to pay for those emergency communications equipment. We all made that decision collectively, and it was the right decision. He too, like Mr. Baer, is concerned about double digit unemployment and 300 homes on June's foreclosure list. It is remarkable and just off the chart given the fact that a big month before this recession started there were less than 20 homes. That is 300 people, not all of whom are primary residents, who are being placed out of their homes. The cumulative effect of all the different increases amounts to real money and has real impact on folks. Mr. Newton is very pleased with the budget as presented so far. Hopefully we can continue to make some progress in the direction of modulating what is a tax increase. We are heading in the right direction — down. He applauded staff for its efforts.

Mr. Caporale inquired when the decision was made to purchase the radios. Mr. Newton, replied 2007.

Mr. Caporale said that was his point about optimism. Council should have learned something.

Mr. Newton replied we had a radio system and an Emergency Management Director who said it was non-supportive. We had a rebanding issue with Nextel that they were taking over the bandwidth and our radios would not work. Unfortunately, the price of ensuring the public safety with a population growing 40% from 1990 to 2000 and 25% from 2000 until now, it is difficult often times to keep up with the infrastructure. Mr. Newton will support the budget tonight.

Mr. Rodman commented staff did what professionals do in a very difficult situation — figure out where you need to be and then manage to that particular desired outcome as opposed to talking about what you need. The only place where the County is different from School District is step increases. About half of the school employees (excluding senior teachers who are already past the step and excluding all the non-teachers) about 50% would get the 2% and everybody else, including senior administrators, would get nothing. Mr. Rodman does not know how to bridge that but that is the one kind of inequity Council talked about. If there was a way to figure out how to keep everybody equal that would be great, but he is not so sure what that is. He complimented staff for the very professional way they approached a very difficult budget in difficult times and actually decided two or three years ago that this was looming and actually started to do it then rather than now.

The vote was: FOR – Mr. Caporale, Mr. Dawson Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Baer. The motion passed.

Jim Carlen

The vote was: FOR - Mr. Caporale, Mr. McBride, Mr. Newton and Mr. Rodman. ABSENT - Ms. Von Harten. Mr. Dawson did not vote. Mr. Carlen failed to garner the ten votes required to reappoint.

W.R. Skeet Von Harten

The vote was: FOR - Mr. Baer, Mr. Flewelling, Mr. Glaze, Mr. Sommerville and Mr. Stewart. ABSENT - Ms. Von Harten. Mr. Dawson did not vote. Mr. Von Harten failed to garner the six votes required to appoint.

Since one of the two candidates has been eliminated because he, Mr. Carlen, did not receive the necessary number of votes, leaves Mr. Von Harten. The second vote on Mr. Von Harten follows.

W.R. Skeet Von Harten

The vote was: FOR - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT - Ms. Von Harten. Mr. W.R. Von Harten garnered the six votes required to serve as a member of the B/J Water and Sewer Authority (Governor approves Council's recommendation).

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.

RECONVENE OF EXECUTIVE SESSION

EXECUTIVE SESSION

ADJOURNMENT

Council adjourned at 9:40 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST: _____
Suzanne M. Rainey, Clerk to Council
Ratified: .

Official Proceedings
County Council of Beaufort County
July 25, 2011

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

CAUCUS

A caucus of the County Council of Beaufort County was held at 4:00 p.m. on Monday, July 25, 2011 in the Executive Conference Room 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 and Gerald Stewart. Laura Von Harten absent.

DISCUSSION ITEMS

To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Redistricting

Mr. Rodman commented Spring Island, because of its affiliation with the Beaufort side, would be better as part of Mr. Flewelling's district, which leaves Mr. Caparole's district short by 51 people, and Mr. Baer's district over by 251 people. Could we transfer a couple of census tracts contiguous with Hilton Head Island Plantation or Skull Creek so we can move Spring Island to Mr. Flewelling's district?

Traffic Light at Buckwalter Parkway

Mr. Joshua Gruber, Staff Attorney, reported a Memorandum of Agreement between the County, Mr. Greg Parker and Town of Bluffton has been finalized. The terms of the agreement follow: (i) the County would provide the supplies, (ii) Parker would provide funding for all of these installations for it, (iii) if County Council, in the future closes the median, the County will refund those monies paid, (iv) if County Council, in the future closes the median and installs a round-about, there would be refunding of any monies paid, but there would also be no additional contributions to the round-about.

Designated Marketing Organization

Mr. Rodman talked about the Designated Marketing Organization (DMO). This issue was discussed at the July 18, 2011 Finance Committee meeting and members concluded that the next logical step would be a work session that included a joint meeting of Finance and Governmental. There are several issues on the table: (i) Council should receive the actual presentation from the Visitor & Convention Bureau (Bureau) about their plans, (ii) They would not split the two entities unless they could retrain the money between the two, (iii) Council needs to obtain an opinion of whether the Chamber agrees with what should happen, (iv) Council is interested in understanding, from a legal standpoint, whether or not if the two entities split, whether the DMO designation can be retained or whether it has to go back through a request for proposal process, (v) If it does get into an request for proposal process, are there other organizations that might step forward interested in providing marketing services.

Council asked Mr. David Starkey, Chief Financial Officer, to create a flowchart of the mechanisms associated with accommodations' tax allocations.

Lowcountry Estuarium

Mr. Rodman commented the Lowcountry Estuarium is in danger of closing due to lack of funds. Mr. Bob Bender, curator, is asking for a one-time request of \$24,000 in 3% local accommodations tax funds. The facility has lost funding from both the School District and Town of Hilton Head Island. Monthly overhead is approximately \$2,000.

REGULAR MEETING

The regularly scheduled meeting of the County Council of Beaufort County was held at 5:00 p.m. 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 and Gerald Stewart. Laura Von Harten absent.

PLEDGE OF ALLEGIANCE

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

INVOCATION

Councilman Herbert Glaze gave the Invocation.

**REVIEW OF PROCEEDINGS OF THE REGULAR MEETING HELD JUNE 13, 2011
AND JUNE 27, 2011**

It was moved by Mr. Flewelling, seconded by Mr. Glaze, that Council approve the minutes of the regular meetings held June 13, 2011 and July 27, 2011. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

PUBLIC COMMENT

To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Mr. Aaron Crosby, a resident of Daufuskie Island, remarked the Daufuskie Island Council (Island Council) has had an opportunity to discuss briefly the petition for a public dock and terminal with helicopter landing pad at its most recent meeting. It was the decision of the Island Council at that time not to take any action on the petition since it involved a number of issues particularly locating a helicopter pad for EMS purposes adjacent to what would be developed as the primary port of the Island. Input from Daufuskie Island Fire District Board members has not been sought, and it is needed before the Island Council makes any decision on the petition.

Mr. W. Simmons White signed up for public comment but was not present when his name was called.

Mr. Bob Bender, representing the Lowcountry Estuarium, stated the organization serves the entire County with programs at Honey Horne Plantation and Coastal Discovery Museum. The organization seeks to protect the Port Royal Sound Estuarium system throughout the County. He asked Council to approve a \$2,000 contribution to keep the Estuarium open through August 2011. This would give Council an opportunity to review the comprehensive strategic plan and give the Estuarium time to provide the financial audit. He requested Council make a decision thereafter on whether or not further funding should be appropriate to keep the Estuarium open one year.

Ms. Cathy Emmeret, a parent of two Shell Elementary School children, talked about school closure. The School District needs funding. The answer is not to close an entire school and relocate all the children, but rather close sections of the building. In November 2010 Ms. Emmeret did not think it was right to give County Council full control of the District budget. Ms. Emmeret, however, now thinks Council should have full control and allow the Board of Education to focus solely on educating children. Ms. Emmeret is tired of fighting the fight, and wants to find a solution that will work for everybody. The School Closing Task Force vote to close Port Royal and Shell Point Elementary schools was not a majority vote.

COUNTY ADMINISTRATOR'S REPORT

To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

In the absence of the County Administrator, Mr. Bryan Hill, Deputy County Administrator, gave the County Administrator's Report.

The County Channel

Mr. Hill, Deputy County Administrator, reported The County Channel latest episode of Coastal Kingdom, "Finding a Mate," is on the air now. This episode features Corn Snakes, Blue Birds, and Great Egrets. Our guys are currently in production of the show in the series. "How Animals Protect Themselves," will focus on unique strategies that lowcountry animals have developed to fend off predators. Coastal Kingdom is hosted by naturalist Tony Mills, our partner with the LowCountry Institute on Spring Island

The County Channel crew successfully broadcast a PALS Youth Baseball game LIVE from Burton Wells Park. The game was Hilton Head All Stars versus Beaufort All Stars. It was a great highlight of our facility at Burton Wells, and of our wonderful PALS Baseball program. The broadcast was done in partnership with PALS, and in preparation for the Dixie Boys World Series. Teams from all over the Southeast will converge at Burton Wells Regional Park July 30 through August 3 to play in the tournament.

2011 Dixie Boys World Series

Mr. Bryan Hill reported Beaufort County will host the 2011 Dixie Boys World Series at Burton Wells Regional Park July 30 through August 3. Participating teams are South Carolina, Arkansas, Virginia, North Carolina, Georgia, Texas, Mississippi, Louisiana, and Alabama. Participating hotels include Hampton Inn, Sleep Inn, Quality Inn and Howard Johnson. Mr. Hill thanked Outback and Gilligan's for providing at least one free meal to all the ballplayers as well as Wendy's for providing one free Frosty to all the ballplayers after the game. Maryland Fried Chicken, Piggly Wiggly, Domino's, Subway, and Golden Corral have also provided reduced rates.

Four-Week Progress Report

Mr. Hill presented the County Administrator's Four-Week Progress Report, which summarized his activities from June 27, 2011 to July 22, 2011.

Weather Webpage

Mr. Hill reported the County webpage now features a Weather Update link for conditions in Beaufort County. He thanked Mr. David Zeoli, Deputy Director Emergency Management, and his staff for developing the webpage.

Update / Stormwater Billing

Mr. Joshua Gruber, Staff Attorney, gave an update on the issue of stormwater billing for Marine Corps installations. On June 30, 2011, a letter was sent under the County Administrator's signature to Major General Carl B. Jensen, Commanding General Marine Corps Installations East, Camp Lejeune. A similar letter was sent last year around this time. The purpose of sending this second letter was updating the several changes in federal laws which have supported the County's position of its previous letter. The County wanted to reiterate with even stronger fortitude what its position is on this issue. The first update was that Public Law 111-378, which was an amendment to the Clean Water Act, was passed. The Marine Corps objection to paying the stormwater fees was their belief that it was a tax rather than a fee and as a fee it would be unconstitutional to impose against a federal installation. Passage of Public Law 111-378 clearly demonstrates that stormwater fees, when uniformly assessed, are fees, service fees, and not a tax. Therefore, federal installations are subject to paying them. The second issue was a Memorandum Opinion from the General Counsel of the Environmental Protection Agency. Within that opinion was a determination that federal agencies did not have to receive specific appropriations from Congress in order to pay these stormwater fees. They could, in fact, pay these stormwater fees just out of general appropriations. It was these two facts that the County has reiterated back to the Marine Corps, along with a schedule of fees which go back to 2005 for the three installations (Air Station, Laurel Bay, and Parris Island) through tax year 2010, total \$2,219,363.

DEPUTY COUNTY ADMINISTRATOR'S REPORT

To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Four-Week Progress Report

The Deputy County Administrator submitted his Four-Week Progress Report, which summarized his activities from June 27, 2011 to July 22, 2011. Mr. Hill presented an employee overview by department effective July 1, 2011 as well as memorandum dated July 25, 2011 regarding the FY 2012 budget to include a summary of proposed base budget, revenue overview, expenditure overview, and conclusion.

Update / Beaufort County (Lady's Island) and Hilton Head Island Airports

Mr. Paul Andres, Airports Director, gave a monthly update on the current topics at both the Beaufort County (Lady's Island) and Hilton Head Island Airport.

Construction Project Updates

Mr. Robert McFee, Division Director, Engineering and Infrastructure, gave a monthly update on the various one cent sales tax projects to include the new bridge over the Beaufort River / U.S. 21 / S.C. 802 construction project, S.C. Highway 802 roadway construction Project, and Bluffton Parkway Phase 5A roadway as well as the Disabilities and Special Needs Adult Day Care Center, a Capital Improvement Project.

TEXT AMENDMENT TO THE BEAUFORT COUNTY COMPREHENSIVE PLAN, APPENDIX 10-D. BUCKWALTER PARKWAY ACCESS MANAGEMENT PLAN, WITH A NEW FIGURE 5 THAT ALLOWS THE INSTALLATION OF A TEMPORARY LIGHT AT PARKER DRIVE WHICH MAY BE REMOVED UPON COMPLETION OF PHASE 5B OF THE BUCKWALTER PARKWAY, AND THE MEDIAN OPENING AT PARKER DRIVE MAY BE CLOSED UPON COMPLETION OF PHASE 5B, AND PHASE 5B ALIGNMENT MAY REMAIN AS IS, AND AS PART OF PHASE 5B CONSTRUCTION, TWO ADDITIONAL RESIDENTIAL ACCESS POINTS MAY BE SIMULTANEOUSLY BUILT TO PROVIDE ADDITIONAL RESIDENTIAL ACCESS POINTS FOR ADJACENT RESIDENTS

This item comes before Council under the Consent Agenda. It was discussed at the June 20, 2011 Public Facilities Committee.

It was moved by Mr. Sommerville, seconded by Mr. Glaze, that Council approve on third and final reading text amendments to the Beaufort County Zoning and Development Standards Ordinance (ZDSO) that allow for control of stormwater volume from “lots of record but not built.” These controls will mitigate water resource impacts from construction in previously approved developments that do not have volume controls. Section 106-7. Exemptions of Development Types; Section 106-8. Exemption from Subdivision Review; Section 106-18. Definitions. (adding new definition—Best Management Practices, On-Site); Section 106-732. Zoning Permit; Section 106-2857. Exemptions from Site Runoff Control and Drainage Planning/Design; Section 106-2861. Retention / Detention Facilities; Section 106-2865. On-Site Single Family Lot, Best Management Practices (BMP) (adding new section). The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

WIRELESS COMMUNICATION SERVICES FOR BEAUFORT COUNTY

This item comes before Council under the Consent Agenda. It was discussed at the July 18, 2011 Public Facilities Committee.

It was moved by Mr. Sommerville, seconded by Mr. Glaze, that Council award a contract to Verizon Wireless, Laurel, Maryland the top ranked firm, with the anticipated cost for the first year of \$176,594. Additionally, there are four optional annual renewals to this contract that are subject to County Council for approval. With the four annual renewals, the total anticipated cost

for five years is \$882,970. Services are paid from each department's telephone account 51050. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

PUBLIC HEARINGS

Community Development Block Grant / Dale Water Extension Project

Mrs. Michele Knight, Community & Economic Development Director, Lowcountry Council of Governments (LCOG), explained the public hearing is required to close out the grant project for Dale Water Extension project. Beaufort County was awarded \$436,060 in community development block grant funds in July 2009 for the purpose of extending water service in the Dale community. The County and B/J Water and Sewer Authority provided a total of \$83,124 in match funds that included capacity fees and engineering costs. The project connected 45 homes to public water and benefited 126 people of which 93% were low- to-moderate income. LCOG is returning \$9,660 of the grant funds to the state because it was not enough money to add another street without adding considerably more costs to Beaufort County and B/J Water and Sewer Authority.

The Chairman opened a public hearing at 6:03 p.m. for the purpose of receiving information from the public on performance and accomplishments conducted under a Community Development Block grant project known as the Dale Water Extension project wherein water service was extended to residents in the Dale Community. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:04 p.m.

Community Development Block Grant / Disabilities and Special Needs Center

Mrs. Michele Knight, Community & Economic Development Director, Lowcountry Council of Governments (LCOG), explained the public hearing is required to close out the grant project for the Disabilities and Special Needs Center. In August 2009 Beaufort County received \$494,989 to install energy efficiency components in the construction of the DSN Center. The stimulus funds were used specifically to address installation of a geothermal HVAC system. Those funds related to that component have been expended entirely. The project will benefit 627 people all of whom are low- to-moderate income.

The Chairman opened a public hearing at 6:05 p.m. for the purpose of receiving information from the public to review program performance and accomplishments conducted under an Emergency Efficiencies project known as the Beaufort DSN Center Project. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:06 p.m.

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

COMMITTEE REPORTS

To view video of full discussion of this meeting please visit http://beaufort.granicus.com/ViewPublisher.php?view_id=2

Finance Committee

Lady's Island / St. Helena Island Fire District Land Acquisition

It was moved by Mr. Rodman, as Finance Committee Chairman (no second required), that Council accept the Lady's Island / St. Helena Island Fire District request to purchase approximately 2.0 acres of land, located at 146 Lady's Island Parkway, in the amount of \$390,000. This land acquisition does not present a millage increase in debt service. It does not produce any tax increases. It does, however, drop the ISO rating for many Cat Island residents. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

Ordinance authorizing funds in an amount not to exceed \$1,000,000 of hospitality tax funds to be available over a five-year period to Heritage Classic Foundation for the procurement of the PGA Heritage Golf Tournament

Mr. Rodman, as Finance Committee Chairman, reported he has instructed the Clerk to Council to remove the above-referenced item from the list of pending ordinances.

Mr. Rodman expects Council to have some exact definition, within the next couple of weeks, on the full repayment of the \$1,000,000 Council loaned to the Heritage Classic Foundation for the procurement of the 2011 PGA Heritage Golf Tournament.

Lowcountry Estuarium Funding Request

Mr. Rodman, as Finance Committee Chairman, explained the Lowcountry Estuarium has requested assistance in the amount of \$24,000 or \$2,000 per month going forward to cover their costs (\$1,500 rent plus utilities). They have run out of money and anticipate closing this week. It is premature to consider \$24,000. Part of the reason for the shortfall (i) the Town of Hilton Head Island has, historically, provided approximately \$10,000 and that money has been withdrawn in their budget scenario. (ii) the School District, although not included in their annual budget, funded approximately \$12,000 through the individual schools that participated in programs with the Estuarium.

It was moved by Mr. Rodman, seconded by Mr. Caporale, that Council approve \$3,000 from two-percent state accommodations tax. The vote was: YEAS – Mr. Caporale, Mr. Baer, Mr. Glaze, Mr. Rodman and Mr. Stewart. NAYS – Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Newton and Mr. Sommerville. The motion failed.

Transfer of Funds to CIP Debt Service

Mr. Rodman, as Finance Committee Chairman, reported members of Finance Committee discussed the transfer of \$770,000 from operating to debt service / capital accounts for CIP and Rural and Critical Lands. The question was raised whether the County needed to make the transfer. Committee decided that staff would not transfer monies without coming to Council first.

\$10 Million Rural and Critical Lands Borrowing

Mr. Rodman, as Finance Committee Chairman, reported members of Finance Committee discussed the fact that the County has bonded all but the last \$10 million that has been approved by voters and that Council had agreed it would not borrow in the current budget or increase the millage for the Rural and Critical Lands Program. It is not up to Council to initiate the \$10 million borrowing, but should be receptive to members of the Rural and Critical Lands Board coming forward when they think they ought to drawdown the last \$10 million and if they want to make a recommendation as to whether another referendum would make sense.

Mr. Newton stated Council should expect to receive, by the end of September 2011, a recommendation from the Open Land Trust and Natural Resources Committee regarding a possible 2012 referendum. Finance Committee would then discuss issuing the bonds. Taxpayers' monies cannot be used to promote the referendum.

Public Facilities Committee

Seabrook Point Special Purpose Tax District

Mr. Al Truesdale

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. Mr. Al Truesdale garnered the six votes required to serve as a member of the Seabrook Point Special Purpose Tax District.

Hangar Rental Rates

Main motion.

It was moved by Mr. Glaze, a Public Facilities Committee Chairman, that Council approve a 5% increase in hangar rental rates at both the Hilton Head Island Airport and Beaufort County Airport (Lady's Island). Rates at the Hilton Head Island Airport follow: T-Hangar from \$379.70/month to \$399.00/per month; Corp Hangar from \$1,128.69/month to \$1,185.00/month; Box Hanger from \$2,315.24/month to \$2,431.00/month. Rates at the Beaufort County Airport (Lady's Island) follows: T-Hangar from \$252.00/month to \$265.00/month.

Mr. Sommerville stated the County has mailed correspondence to all of the lessees notifying them of the hangar rental rate increases.

Motion to postpone.

It was moved by Mr. Rodman that Council postpone consideration of hangar rental rates at the Hilton Head Island Airport until receipt of the report on the overall airport finances to include the possibility of landing fees. The motion died for lack of a second.

Vote on the main motion. YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. NAYS - Mr. Rodman. ABSENT – Ms. Von Harten. The motion passed.

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

OFF-AGENDA ITEM

It was moved by Mr. Caporale, seconded by Mr. Glaze, that Council hear an off-agenda item for an executive session to receive a briefing on a legal matter. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

CALL FOR EXECUTIVE SESSION

It was moved by Mr. Caporale, seconded by Mr. Glaze, that Council go immediately into executive session to receive legal advice relating to pending and potential claims covered by the attorney-client privilege for the purpose of receiving information regarding negotiations incident to proposed contractual arrangements and proposed purchase of property. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSENT – Ms. Von Harten. The motion passed.

EXECUTIVE SESSION

PUBLIC COMMENT

Mr. Bob Bender, curator, Lowcountry Estuarium, stated in September 1991 the North Street Aquarium opened. In 1993 it became the first public aquarium chartered by the State of South Carolina. In 2000 the Beaufort Aquarium Corp. formed and its members sought, but were unsuccessful, in finding a location within the City of Beaufort; but, were actively recruited by the Town of Port Royal to set up the aquarium there. In 20 years the aquarium has seen between 40,000 and 50,000 students within a four-county area. Mr. Bender anticipates seeking three-percent local accommodations tax monies in the future to assist with construction of a new facility on a .25 acre of Estuarium-owned property.

Minutes – Beaufort County Council
July 25, 2011
Page 11

ADJOURNMENT

Council adjourned at 7:15 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST: _____
Suzanne M. Rainey, Clerk to Council

Ratified: August 8, 2011

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING
100 RIBAUT ROAD
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WM. WESTON J. NEWTON
CHAIRMAN

D. PAUL SOMMERVILLE
VICE CHAIRMAN

COUNCIL MEMBERS

STEVEN M. BAER
RICK CAPORALE
GERALD DAWSON
BRIAN E. FLEWELLING
HERBERT N. GLAZE
WILLIAM L. McBRIDE
STEWART H. RODMAN
GERALD W. STEWART
LAURA VON HARTEN

GARY KUBIC
COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

COUNTY COUNCIL OF BEAUFORT COUNTY

Monday, October 24, 2011

4:00 p.m.

Large Meeting Room, Hilton Head Island Branch Library
11 Beach City Road, Hilton Head Island

Citizens may participate in the public comment periods and public hearings telephonically from Council Chambers of the Administration Building, Government Center, 100 Ribaut Road, Beaufort as well as Mary Field School, Daufuskie Island.

1. CAUCUS - 4:00 P.M.
Discussion is not limited to agenda items.
Large Meeting Room, Hilton Head Island Branch Library
2. REGULAR MEETING - 5:00 P.M.
Large Meeting Room, Hilton Head Island Branch Library
3. CALL TO ORDER
4. PLEDGE OF ALLEGIANCE
5. INVOCATION
6. REVIEW OF MINUTES – October 10, 2011
7. PROCLAMATION
A. Veterans Day
Mr. Ed Ray, Director, Veterans Affairs Department
8. RECOGNITION / FORMER BOARD AND COMMISSION MEMBERS
9. PUBLIC COMMENT
10. COUNTY ADMINISTRATOR'S REPORT
Mr. Gary Kubic, County Administrator
A. The County Channel / Broadcast Update
B. Two-Week Progress Report

Over



11. DEPUTY COUNTY ADMINISTRATOR'S REPORT

Mr. Bryan Hill, Deputy, County Administrator

- A. Two-Week Progress Report
- B. Approval of Budget Schedule FY 2013

12. CONSENT AGENDA – ITEMS A THROUGH F

A. AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 AGGREGATE PRINCIPAL AMOUNT OF HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS (BEAUFORT MEMORIAL HOSPITAL) SERIES 2011; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AND LOAN AGREEMENT, A REFUNDING ESCROW DEPOSIT AGREEMENT IN CONNECTION THEREWITH; AUTHORIZING PROPER OFFICERS TO DO ALL THINGS NECESSARY OR ADVISABLE; AND OTHER MATTERS INCIDENTAL THERETO

- 1. Consideration of third and final reading approval to occur October 24, 2011
- 2. Public hearing held October 10, 2011
- 3. Second reading approval occurred September 26, 2011 / Vote 11:0
- 4. First reading approval occurred September 12, 2011 / Vote 11:0
- 5. Finance Committee discussion and recommendation to approve occurred September 12, 2011 / Vote 7:0

B. TEXT AMENDMENT TO THE BEAUFORT COUNTY ZONING AND DEVELOPMENT STANDARDS ORDINANCE (ZDSO), ARTICLE VII, SEC. 106-1845(6) BUFFER DISTURBANCE (ADDS RIVER BUFFER DISTURBANCE STANDARDS)

- 1. Consideration of third and final reading approval to occur October 24, 2011
- 2. Public hearing held October 10, 2011
- 3. Second reading approval occurred September 26, 2011 / Vote 11:0
- 4. First reading approval occurred September 12, 2011 / Vote 11:0
- 5. Natural Resources Committee discussion and recommendation to approve occurred September 6, 2011 / Vote 5:0

C. AN ORDINANCE TO CALL FOR A REFERENDUM TO ALLOW THE QUALIFIED ELECTORS OF BEAUFORT COUNTY, SOUTH CAROLINA TO VOTE TO RETAIN THE COUNCIL/ADMINISTRATOR FORM OF GOVERNMENT OR CHANGE TO THE COUNCIL/MANAGER FORM OF GOVERNMENT

- 1. Consideration of third and final reading approval to occur October 24, 2011
- 2. Public hearing held October 10, 2011
- 3. Second reading approval occurred October 10, 2011 / Vote 11:0
The ordinance was amended to include language to “provide for the appointment of the County Treasurer and County Auditor”
- 4. Second reading approval occurred September 26, 2011 / Vote 11:0
- 5. First reading approval occurred September 12, 2011 / Vote 11:0

6. Governmental Committee discussion and recommendation to approve occurred September 6, 2011 / Vote 5:0

D. 2012 COUNTY EMPLOYEE INSURANCE BENEFIT PROGRAM.

1. All vendors have agreed to the same plans with no price increase in 2012.
2. Employee contributions for the basic plan will decrease by 6% and contributions for the premium plan will increase by 5% to more accurately reflect claims cost.
3. Finance Committee discussion and recommendation to approve occurred September 26, 2011 / Vote 7:0

E. TOGETHER FOR BEAUFORT / 2011 AGENCY FUNDING RECOMMENDATIONS

1. Community Services Committee discussion and recommendation to approve occurred October 17, 2011 / Vote 6:0

F. AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO

1. Consideration of first reading approval to occur October 24, 2011
2. Finance Committee discussion and recommendation of borrowing amount occurred October 10, 2011 /Vote 8:0
3. Natural Resources Committee discussion and recommendation to proceed with referendum October 3, 2011 / Vote 7:0

13. PUBLIC HEARING – 6:00 P.M.

A. AN ORDINANCE TO AMEND ORDINANCE NO. 2011-25 SO AS TO ALLOW FOR THE RENUMBERING OF THE ELEVEN SEPARATE BEAUFORT COUNTY COUNCIL DISTRICTS AND BEAUFORT COUNTY BOARD OF EDUCATION DISTRICTS

1. Consideration of third and final reading approval to occur October 24, 2011
2. Second reading approval occurred October 10, 2011 / Vote 11:0
3. First reading, by title only, approval occurred September 26, 2011 / Vote 11:0

14. COMMITTEE REPORTS

15. PUBLIC COMMENT

16. EXECUTIVE SESSION - Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property

17. ADJOURNMENT

Official Proceedings
County Council of Beaufort County
October 24, 2011

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

CAUCUS

A caucus of the County Council of Beaufort County was held at 4:00 p.m. on Monday, October 24, 2011 in the large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, South Carolina.

ATTENDANCE

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

Vice Chairman Sommerville chaired the meeting until the Chairman arrived.

DISCUSSION ITEMS

Topics discussed during the caucus included: (i) Division-Director Planning and Development has reviewed and agrees with the incorporation of language in paragraph 6, Buffer Disturbance, "devised, view corridors, and other allowable disturbances authorized under Article 7, Division 4, outlined in this ordinance. (ii) Regarding a possible change in form of government, Council members had raised the question with respect to the salary for the Treasurer and Auditor. The state picks up a portion of their salary. The question was if we go to the Manager form of government, would we continue to receive the state supplement portion of their salary. Mr. Josh Gruber, staff attorney, confirmed there is no wording in the statute that differentiates between an elected or an appointed Auditor and Treasurer. He also checked with Greenwood County, that actually has this Council / Manager form of government, with appointed Auditor and Treasurer, and they still continue to receive their salary supplements from the state. (iii) A question was raised as to why Council is now, one-third of the way through the fiscal year, determining the Together for Beaufort County 2011 agency funding recommendations rather than in May or June. Staff noted Council must first approve the fiscal year budget. The fiscal year 2012 budget was approved June 27, 2011, effective July 1. Together for Beaufort County budget approval was in the amount of \$605,000. A two-month application process was held. Recommendations were then made to the Community Services Committee meeting of October 17, 2011, and were then forwarded to Council today for consideration and approval. (iv) Natural Resources Committee members asked administration to examine the funding classification for Beaufort Soil and Water Conservation District, *i.e.*, moving it from Together for Beaufort County funding stream and including it as part of the fiscal year budget deliberations. Perhaps this agency funding allocation should be discussed during budget deliberations. (v) Regarding the ordinance

proposal to change the form of government, some people believe that this is a slap in the face of our current Treasurer. That is absolutely not the case. This is an opportunity for voters to speak, not to say anything disparaging about the Treasurer or Auditor, but an opportunity for the people to decide if they want to continue to elect them or not. (vi) Regarding the ordinance proposal to authorize the placement of a question on the official ballot to issue general obligation bonds to acquire lands for preservation, this issue was first discussed by members of the Rural and Critical Lands Board in 2010. The timing is such that the issue takes a while to go through the process, *i.e.*, Rural and Critical Lands Board, Natural Resources Committee, three readings and a public hearing at Council, and US Justice Department approval. It could not be held in 2010 mechanically, it would have been 2011. Since 2011 is an off year, it was pretty well agreed that we wanted as much voter turnout as possible on any issue of this importance. You will get that type of turn out, particularly, on a Presidential election. Also, there was still a \$10 million bonding that had been approved by the voters that had not been bonded yet. (vii) A question was asked about language in the land referendum ordinance, “Bond funds may be used only for the purposes stated in the ballot question. None of the funds may be used for any other purpose, or for administrative salaries.” That portion of the language came directly from the land bond referendum; therefore, we have been operating under that language for some time now. The intention was to apply to county administration for those funds, maybe, not necessarily to our contractor. Perhaps, Council should consider amending the language to allow for what is currently happening today. (viii) Council members will serve out their four-year term for their geographic boundary of the new district, even though some people in the district will not have voted for the councilman. That way you always maintain staggered districts. (ix) Mr. Rodman apologized to Council for having called for the resignation of Board of Education member, Steven Morello, in a Council meeting. He noted that he did not take Mr. Dawson, having raised the issue, as a personal affront, commenting that if it had been personal, that he and Mr. Dawson would have been guided by Matthew 18:15-17. Mr. Rodman was offended that Council was called racist. Mr. Rodman pointed out that Council, as a group, called for the resignation of Joy Logan, and that he should have taken this issue to Council rather than acting alone. Mr. Rodman pointed out that he was also not the only Council member to call for Board of Education member Steven Morello’s resignation in public. Mr. Rodman suggested that no further action was warranted as Mr. Morello has been duly embarrassed in terms that: he is the one who elected to make the email public, he was the one who was given responsibility by the School District to interface with Council and elected not to do that, which is the root of the problem, and lastly, he was unaware that we were advised that the NAACP had actually endorsed the Redistricting Plan.

The Vice Chairman passed the gavel to the Chairman in order to chair the meeting.

REGULAR MEETING

The regularly scheduled meeting of the County Council of Beaufort County was held at 5:00 p.m. on Monday, October 24, 2011 in the large meeting room of the Hilton Head Island Branch Library, 11 Beach City Road, Hilton Head Island, 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.

PLEDGE OF ALLEGIANCE

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

INVOCATION

Councilman Stu Rodman gave the invocation.

REVIEW OF PROCEEDINGS OF THE REGULAR MEETING HELD OCTOBER 10, 2011

It was moved by Mr. Glaze, seconded by Mr. McBride, that Council approve the minutes of the regular meeting held October 10, 2011. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Glaze and Mr. Newton. The motion passed.

The Chairman arrived at 5:05 p.m.

PROCLAMATION

Veterans Day

The Chairman announced in observance of Veterans Day, Friday, November 11, 2011, Beaufort County proudly joins the rest of the nation in saluting and giving special honor to those men and women who served in the armed forces, both active and inactive, for their contribution, dedication and commitment to the cause of our freedom. Mr. Ed Ray, Veterans Affairs Director, accepted the proclamation.

RECOGNITION / FORMER BOARD AND COMMISSION MEMBERS

2011 Citizen Volunteers / County Boards and Commissions

The Chairman recognized seven citizens for their volunteer service on the County's various agencies, boards, commissions and authorities: Robert Anderson, Parks and Leisure Services Board, May 2008 – August 2011; Walter Becker, Solid Waste and Recycling Board, October 2006 – March 2011; Martha Crapse, Southern Corridor Review Board, March 2000 – February 2011; Patricia Fennell, Bluffton Township Fire District Commission, July 1994 – February 2011; Mona Huff, Foster Care Review Board, September 2007 – January 2011; Jakie Lee, Southern Corridor Review Board, April 2006 – April 2011; and Ilyse Queen, Accommodations Tax Board, September 2009 – October 2010.

PUBLIC COMMENT

The Chairman recognized Mrs. Carol Weir, a resident of Hidden Lakes, Bluffton and an employee of the *Island Packet*, is before Council tonight as a Mom. She is not in the same league as Warren Buffet. In fact, she earns \$36,000 per year. She is here to make a symbolic donation in the form of a voluntary tax payment of \$50, which she gave to Mr. Kubic for deposit in the general operating fund. Things are going from bad to worse in the amenities department. First library hours were cut and then all libraries were closed on Sunday. Then the Bluffton pool was closed on Saturday. A friend told her the Parks and Leisure Services Department may not sponsor play-offs and all stars this season because of lack of money to pay referees. We, the citizens of Beaufort County, including everybody sitting here, except for her kids, have already paid for these fields, these pools, and these libraries. It is sad and shameful that we cannot operate them to their potential as well as use them at a time and day convenient to working families. No one has ever asked her husband or her if we would be willing to pay more taxes to operate our amenities. Could we have maybe a referendum about this or at least a questionnaire? Thank you very much.

COUNTY ADMINISTRATOR'S REPORT

The County Channel

Mr. Gary Kubic, County Administrator, announced The County Channel, taped for rebroadcast and provided audio support for the groundbreaking for the St. Helena Branch Library at Penn Center. The program was well attended and was broadcast Friday night after the event. It is also available on Video-On-Demand. The County Channel continues to broadcast Parks and Leisure Services sports games. This past weekend we covered the 8 to 9 year old and 10 to 11 football playoffs. They were broadcast live and will also be available on Video-On-Demand.

The County Channel covered the State of the Region Breakfast at the Westin Hotel on Hilton Head Island. The keynote speaker was Governor Nikki Haley. This event was rebroadcast on The County Channel and will be available for Video-On-Demand.

Two-Week Progress Report

Mr. Kubic presented his Two-Week Progress Report, which summarized his activities from October 10, 2011 through October 21, 2011.

Over the Bridge and Back Yonder for Children's Charities

Ms. Von Harten announced Beaufort County is working in cooperation with the Exchange Club of Beaufort to organize the Over the Bridge and Back Yonder (O BABY) 5K Run and Fun Walk planned for Saturday, October 29. Runners have an opportunity to see first-hand the improvements to the new McTeer Bridge

DEPUTY COUNTY ADMINISTRATOR'S REPORT

Two-Week Progress Report

Mr. Bryan Hill, Deputy County Administrator, presented his Two-Week Progress Report, which summarized his activities from October 10, 2011 through October 21, 2011.

Budget Schedule FY 2013

Mr. Bryan Hill, Deputy County Administrator, presented the budget schedule FY 2013.

Halloween Carnival and Haunted House

Mr. Bryan Hill, Deputy County Administrator, announced Parks and Leisure Services is hosting two Halloween events at Buckwalter Regional Park. A carnival is scheduled Saturday, October 29, between 2:00 p.m. and 5:00 p.m. and haunted house October 17 through October 29, beginning at 7:00 p.m.

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 AGGREGATE PRINCIPAL AMOUNT OF HOSPITAL REFUNDING AND IMPROVEMENT REVENUE BONDS (BEAUFORT MEMORIAL HOSPITAL) SERIES 2011; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AND LOAN AGREEMENT, A REFUNDING ESCROW DEPOSIT AGREEMENT IN CONNECTION THEREWITH; AUTHORIZING PROPER OFFICERS TO DO ALL THINGS NECESSARY OR ADVISABLE; AND OTHER MATTERS INCIDENTAL THERETO

This item comes before Council under the Consent Agenda. It was discussed at the September 12, 2011 Finance Committee.

It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve on third and final reading an ordinance authorizing the issuance of not exceeding \$50,000,000 aggregate principal amount of Hospital Refunding and Improvement Revenue Bonds (Beaufort Memorial Hospital) Series 2011; authorizing the execution and delivery of a bond purchase and loan agreement, a refunding escrow deposit agreement in connection therewith; authorizing proper officers to do all things necessary or advisable; and other matters incidental thereto. The vote was: YEAS - 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.

TEXT AMENDMENT TO THE BEAUFORT COUNTY ZONING AND DEVELOPMENT STANDARDS ORDINANCE (ZDSO), ARTICLE VII, SEC. 106-1845(6) BUFFER DISTURBANCE (ADDS RIVER BUFFER DISTURBANCE STANDARDS)

This item comes before Council under the Consent Agenda. It was discussed at the September 6, 2011 Natural Resources Committee meeting.

It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve on third and final reading a text amendment to the Beaufort County Zoning and Development Standards Ordinance (ZDSO), Article VII, Sec. 106-1845(6) Buffer Disturbance (adds river buffer disturbance standards), including the following language, “. . . devices, view corridors and other allowable disturbances authorized under Article 7, Division 4, outlined in this ordinance.” The vote was: YEAS - 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.

AN ORDINANCE TO CALL FOR A REFERENDUM TO ALLOW THE QUALIFIED ELECTORS OF BEAUFORT COUNTY, SOUTH CAROLINA TO VOTE TO RETAIN THE COUNCIL/ADMINISTRATOR FORM OF GOVERNMENT OR CHANGE TO THE COUNCIL/MANAGER FORM OF GOVERNMENT

This item comes before Council under the Consent Agenda.

It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve on third and final reading a ballot referendum to change the form of Beaufort County government from Council / Administrator to Council / Manager. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS – Mr. Dawson. ABSENT – Mr. Glaze. The motion passed.

2012 COUNTY EMPLOYEE INSURANCE BENEFIT PROGRAM

This item comes before Council under the Consent Agenda. It was discussed at the October 10, 2011 Finance Committee meeting.

It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve the 2012 County Employee Insurance Benefit Program with no rate increase from vendors. The employee contribution rate for the basic plan will decrease by 6% and the contribution rate for the premium plan will increase by 5%. The vote was: YEAS - 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.

TOGETHER FOR BEAUFORT COUNTY / 2011 AGENCY FUNDING RECOMMENDATIONS

This item comes before Council under the Consent Agenda. It was discussed at the October 17, 2011 Community Services Committee meeting.

It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve the Together for Beaufort County 2012 agency funding recommendations as follows: LRTA

\$240,000; Coastal Empire Community Mental Health Center \$110,000, DHEC \$60,000; Senior Services of Beaufort County \$50,000; Child Abuse Prevention Association \$28,000; Beaufort Soil and Water Conservation District \$18,000; Citizens Opposed to Domestic Abuse \$14,000; HOPE Haven \$14,000; Literacy Volunteers of the Lowcountry \$9,000; Beaufort-Jasper Economic Opportunity Commission \$5,000; and Clemson University Extension \$5,000, and Alliance activities \$52,000. These recommendations total \$605,000. The vote was: YEAS - 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.

AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO

This item comes before Council under the Consent Agenda. It was discussed at the October 10, 2011 Finance Committee meeting as well as the October 3, 2011 Natural Resources Committee meeting.

It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve on first reading an ordinance authorizing the placement of a question on the official ballot for the general election to be conducted November 6, 2012, concerning a proposition authorizing Beaufort County to issue general obligation bonds to acquire lands for preservation and to pay certain costs and debt service related thereto. The vote was: YEAS - 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.

Mr. Glaze arrived at 5:30 p.m.

CALL FOR EXECUTIVE SESSION

It was moved by Mr. Dawson, seconded by Mr. Flewelling, that Council go immediately into executive session for the purpose of receiving legal advice relating to proposed contractual arrangements and proposed purchase of property. The vote was: YEAS - 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.

EXECUTIVE SESSION

RECOVENE OF REGULAR SESSION

AN ORDINANCE TO AMEND ORDINANCE NO. 2011-25 SO AS TO ALLOW FOR THE RENUMBERING OF THE ELEVEN SEPARATE BEAUFORT COUNTY COUNCIL DISTRICTS AND BEAUFORT COUNTY BOARD OF EDUCATION DISTRICTS

The Chairman opened a public hearing at 6:02 p.m. for the purpose of receiving information from the public regarding an ordinance to allow for the renumbering of the 11 separate Beaufort County Council Districts and Beaufort County Board of Education Districts. After calling three times for public comment and receiving none, the Chairman declared the hearing closed at 6:03 p.m.

It was moved by Mr. McBride, seconded by Mr. Glaze, that Council approve on third and final reading an ordinance to amend Ordinance No. 2011-25 so as to allow for the renumbering of the eleven separate Beaufort County Council Districts and Beaufort County Board of Education Districts. The vote was: YEAS - 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 in order to receive committee reports.

COMMITTEE REPORTS

Finance Committee

Accommodations Tax Board

Ms. Olivia Young

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. Ms. Olivia Young, hospitality-lodging, garnered the six votes required to serve as a member on the Accommodations Tax Board.

Public Facilities Committee

Solid Waste and Recycling Board

Ben Wheatley

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville and Mr. Stewart. ABSTAIN – Ms. Von Harten -- Mr. Wheatley is married to a family member. Mr. Ben Wheatley, Solid Waste District 7, garnered the six votes required to serve as a member on the Solid Waste and Recycling Board.

Public Facilities Committee

Potentially Naming New Two-Lane Bridge that Parallels the McTeer Bridge

Mr. Newton assigned to Public Facilities Committee a request from the Legislative Delegation to potentially name the new two-lane bridge that parallels the McTeer Bridge.

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

PUBLIC COMEMNT

There were no requests to speak during public comment.

ADJOURNMENT

Council adjourned at 6:05 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST _____
Suzanne M. Rainey, Clerk to Council

Ratified: November 14, 2011

COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING
100 RIBAUT ROAD
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LAURA VON HARTEN

GARY KUBIC
COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA

COUNTY COUNCIL OF BEAUFORT COUNTY

Monday, November 14, 2011
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.

1. CAUCUS - 4:00 P.M.
Discussion is not limited to agenda items.
Executive Conference Room, Administration Building
2. REGULAR MEETING - 5:00 P.M.
Council Chambers, Administration Building
3. CALL TO ORDER
4. PLEDGE OF ALLEGIANCE
5. INVOCATION
6. REVIEW OF MINUTES – October 24, 2011
7. PROCLAMATION
A. America Recycles Day
Mr. Jim Minor, Supervisor, Solid Waste and Recycling
8. PUBLIC COMMENT
9. COUNTY ADMINISTRATOR'S REPORT
Mr. Gary Kubic, County Administrator
A. The County Channel / Broadcast Update
B. Two-Week Progress Report
C. Presentation of 2011 Beaufort County Rural and Critical Lands Calendar

Over



- D. Presentation / Highlights / 2011 Comprehensive Annual Financial Report (CAFR)
- E. Acceptance of South Carolina Aeronautics Commission Grant Offer to Develop a Master Plan for Hilton Head Airport (Enclosure)
- F. Beaufort County Magistrate / Petition to Readdress Grievances Concerning Retroactive Census-Based Compensation
Butch Bowers, Esquire

10. DEPUTY COUNTY ADMINISTRATOR'S REPORT

Mr. Bryan Hill, Deputy, County Administrator

A. Two-Week Progress Report

B. Construction Project Updates

Mr. Rob McFee, Division-Director Engineering and Infrastructure

One Cent Sales Tax Referendum Projects:

New Bridge over Beaufort River / U.S. 21 / S.C. 802 Construction Project

S.C. Highway 802 Roadway Construction Project

Capital Improvement Projects:

Disabilities and Special Needs Adult Day Care Center

C. Update / Master Plans Beaufort County (Lady's Island) and Hilton Head Island Airports

Mr. Paul Andres, Airports Director

11. CONSENT AGENDA – ITEMS A THROUGH F

A. AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO

1. Consideration of second reading approval to occur November 14, 2011
2. Public hearing to be held Monday, November 28, 2011, beginning at 6:00 p.m. in Council Chambers of the Administration Building, 100 Ribaut Road, Beaufort
3. First reading approval occurred October 24, 2011 / Vote 11:0
4. Finance Committee discussion and recommendation of borrowing amount occurred October 10, 2011 /Vote 8:0
5. Natural Resources Committee discussion and recommendation to proceed with referendum October 3, 2011 / Vote 7:0

B. AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN EASEMENT ENCUMBERING PROPERTY OWNED JOINTLY BY BEAUFORT COUNTY AND THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

1. First reading approval to occur November 14, 2011
2. Public Facilities Committee discussion and recommendation occurred October 25, 2011 /Vote 5:0

C. AIRPORT CAPITAL IMPROVEMENT PROGRAM (ACIP) PLANS

1. Public Facilities Committee discussion and recommendation to approve occurred October 25, 2011 / Vote 5:0
2. Funding: Local matching shares will be reflected in each Airports Annual Operating Budget as appropriate.

D. WATER QUALITY MONITORING CONTRACT FOR BEAUFORT COUNTY

1. Natural Resources Committee discussion and recommendation to approve occurred November 7, 2011 / Vote 5:0
2. Contract Award: GEL Engineering, Charleston, South Carolina
3. Contract Amount: \$96,506 (north of Broad River \$58,506; south of Broad River \$36,588). The two scopes are necessary because Beaufort City and Port Royal Town will be contributing approximately 25% of the cost for monitoring north of Broad River.
4. Funding: Stormwater Utility fund account 13531-51160.

E. ELECTRONIC MONITORING SERVICES FOR THE FOURTEENTH JUDICIAL CIRCUIT COURT, SOLICITOR'S OFFICE, BEAUFORT, SOUTH CAROLINA

1. Governmental Committee discussion and recommendation to approve occurred November 7, 2011 / Vote 6:0
2. Contract Award: Offender Management Services, Cummings, Georgia
3. Contract Amount: Services are paid by the offender at no cost to Beaufort County.

F. AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, WITH APPROPRIATE SERIES DESIGNATIONS, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY-AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

1. Consideration of first reading approval to occur November 14, 2011

12. COMMITTEE REPORTS

13. PUBLIC COMMENT

14. EXECUTIVE SESSION

- A. Discussion regarding the development of security personnel and devices
- B. Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property
- C. Discussion of employment of a person regulated by the County Council

15. ADJOURNMENT

Official Proceedings
County Council of Beaufort County
November 14, 2011

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

CAUCUS

A caucus of the County Council of Beaufort County was held at 4:00 p.m. on Monday, November 14, 2011 in the Executive Conference Room 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.

DISCUSSION ITEMS

Topics discussed during the caucus included: (i) Reference to the County First Quarter Report wherein the Treasurer has removed a lot of airplanes from the tax base that have not paid so that the amounts that have paid in percentage is actually slight higher this year. The number of airplanes is lower and the tax rate is lower. Therefore, the county is only going to collect about \$57,000 maximum this year. (2) The ordinance authorizing the placement of a question of the November 6, 2012 ballot concerning the issuance general obligation bonds, not to exceed \$20 million proposed land preservation received first reading approval October 24, 2011. During the regular meeting, Mr. Rodman will amend the motion to change the amount from \$20 million to \$25 million and to add language wherein at no time shall the borrowing exceed 1 mill in debt service repayment. (3) Council needs a copy of the County Administrator's view of his CIP needs for the next year or two. (4) The Federal Courthouse lease expires fall 2014. The Chairman has talked with the clerk of the federal court over the past two weeks about the building and their intentions. When that building was leased by the federal government, the federal government renovated the building to federal court specifications. In doing so, their lease payment matched the cost of the renovation. The County bonded it; the federal government paid for that. Debt service payment is approximately \$430,000 annually and approximately \$120,000 to operate the facility. It appears at the end of the lease in 2014, that the federal government is going to pull out. (4) Regarding the submitted Redistricting Plan there was a report that the Board of Education had filed a petition. Mr. Gruber said the Board issued the County a formal letter stating that they have no objections. There was an online petition that was being circulated by several individual members of the Board. The submission contained the letter that was presented on the third reading and adoption of the plan. The submission date was October 20, 2011. (5) The County needs to develop a reserve policy as well as a transfer policy. (6) Regarding the \$377,000 Commerce Park sewer line, who, why and how was it authorized? (7) In

preparation of the January 2012 Transportation Advisory Group (BTAG) meeting, Staff was asked, using the estimated \$15 million, to prioritize the remaining one-cent sales tax projects.

REGULAR MEETING

The regularly scheduled meeting of the County Council of Beaufort County was held at 5:00 p.m. 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.

PLEDGE OF ALLEGIANCE

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

INVOCATION

Councilman Herbert Glaze gave the invocation.

MOMENT OF SILENCE

World Boxing Champion Joe Frazier

Beaufort County native and former World Boxing Champion Joe Frazier died Monday, November 7, 2011 in Philadelphia of liver cancer. Joe was born to Rubin and Dolly Frazier on a 10-acre farm in Laurel Bay. At age 15 he left the Lowcountry for New York, but never forgot his humble beginnings and was a generous donor to local youth organizations.

During Smokin' Joe Frazier's amateur career, in 1962, '63 and '64, he won the Middle Atlantic Golden Gloves heavyweight championship. His only loss in three years as an amateur was to Buster Mathis. Then in the 1964 Olympics Buster Mathis was supposed to represent the US but hurt his hand. Joe got into the semi-finals and broke his left thumb fighting a six-foot-four Russian. But, he won the fight anyway without even mentioning the injury. He captured the only gold medal for the US Olympic team.

Joe declined to fight for the World Boxing Association title in protest over Mohammed Ali's suspension. But he went on to fight in a consolidation match and was crowned world champ. Frazier lost his undefeated record of 29–0 and his world championship to George Foreman in 1973 in Jamaica. He spent the rest of his life training young boxers in Philadelphia and visiting Beaufort County where he is revered for his charitable work.

Beaufort's John Trask, III nominated Frazier for the Order of the Palmetto, which he received in 2010. I was privileged to write a letter in support of that well-deserved nomination. Joe was a quiet mentor to our youth of Beaufort County and a generous donor to our Boys and Girls Clubs. John knew Smokin Jo well and says Joe was generous to a fault and knew how to be a gentleman. He also had great perseverance and was said to "always answered the bell." John and other friends of Joe Frazier are organizing a memorial celebration this Wednesday, November 16 at noon at Waterfront Park and the public is invited.

The Chairman called for a moment of silence in honor of our native son, the late, great Smokin' Joe Frazier.

Mr. Glaze remarked that Beaufort County Council honors the memory of Joe Frazier for his charitable and professional achievements, for his loyalty to his friends, for his courage in overcoming all challenges and, most of all, for his upstanding character as a man, which is his enduring legacy and gift to all of us. Mrs. Dannette Frazier, niece of Joe Frazier, accepted the proclamation.

REVIEW OF PROCEEDINGS OF THE REGULAR MEETING HELD OCTOBER 24, 2011

It was moved by Mr. McBride, seconded by Mr. Glaze, that Council approve the minutes of the regular meeting held October 24, 2011. The vote was: YEAS - 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.

PROCLAMATION

America Recycles Day

The Chairman proclaimed November 15, 2011 America Recycles Day and encouraged and promoted citizens to become aware of recycling in Beaufort County.

Mrs. Carol Murphy, Recycling Corridor, stated in 1997 America Recycles Day was established to promote and encourage recycling throughout the Country. It is national program. She explained why recycling is important -- the environmental benefits, conservation of resources, reduction of pollution, and less waste. The latter is important to Beaufort County since we do not have our own landfill. The economic benefits to South Carolina are incredible -- \$65 billion in our state's economy, including 15,000 jobs and 300 firms. Some of the department's 2011 accomplishments include: (i) The County Office Program, which was provided by a Department of Energy Grant in 2011 and brought 40 tons of material out of our buildings, is now recycled. We hope to see it increase. (ii) The Residential Municipalities' Curbside Program now brings in about 400 tons of recycling and that includes Hilton Head Island, which is the newest of the curbside programs. They are now up to 150 tons per month. (iii) Overall, residentially, we have recycled 8,000 tons this year and we expect that to increase in 2012. (iv) Beaufort County schools implemented a Recycling Program. They have collection bins at all schools now and are all on their system. (v) The University of South Carolina-Beaufort will also implement recycling

campus-wide in January 2012. (vi) County-sponsored quarterly collections of electronics. These are huge achievements. We hope to collect more tons of material in 2012. Mrs. Murphy introduced ReRun, the County advertising mascot.

PUBLIC COMMENT

The Chairman recognized Reverend Ed Cushingberry, speaking on behalf of the ABLE Foundation, who stated this is a wonderful opportunity for us to continue the discussion you have already had about fighting for freedom and fighting and developing youth. Recently Beaufort County was recognized as one of the best 100 best places in the country for young people in terms of education and development. It is in that spirit that we come to you tonight to present to you that the ABLE Foundation is once again trying to raise money so that we can help the disabled members of our community. We have with us tonight our annual Christmas ornament to place on your Christmas tree and to display around your homes and around the community so that others might see what we are doing here in Beaufort County to try and enable all of our citizens to live a productive life and have the kind of life all of us want to have. Thank you for your continued support of the ABLE Foundation and its efforts to help our disabled members in the community live a full and productive life.

COUNTY ADMINISTRATOR'S REPORT

The County Channel

Mr. Gary Kubic, County Administrator, announced The County Channel recently taped, and is now airing the Tax Talk Program. Our Treasurer, Doug Henderson, explains what to expect when paying your county taxes this year. The Treasurer has made several changes and hopes to create a process that has been streamlined for the public. The County Channel will once again cover the Veterans Day Celebration at the National Cemetery in Beaufort. The event will be at 11:00 a.m. This tribute to our nation's heroes will be recorded live, and played back on The County Channel, and one the web.

Two-Week Progress Report

Mr. Kubic presented his Two-Week Progress Report, which summarized his activities from October 24, 2011 through November 11, 2011. He highlighted three meetings. First, we are and have been discussing environmental concerns at the Lobeco chemical site. We are close to developing a Phase I Environmental. Our staff, through the county legal department, has been in contact with US Environmental Protection Agency (USEPA) as well as DHEC on this issue and we do expect to have some preliminary reports here soon. We have requested and our staff has reviewed over 2,000 documents relating to this site. We realize that is a very important review for us and for your communities so we are happy to do it.

The second important meeting that Mr. Kubic had that is of interest to the community deals with the Government Center. As you know, we entertained and received a single bid for the campus renovations here in the city of Beaufort. Those bids involve three-parts. The reskinning, as we

refer to it, on the County Courthouse facility. The Administration Building where we are located today. And a small portion of the Detention Center. We are carefully reviewing the bid. The major question, as Mr. Kubic has been saying along, is if we start at approximately \$13 million at the Courthouse, will we finish the completion at \$13 million. It is a very, very difficult process to unravel, particularly with the fact that we are going into walls and we have the possibility of unforeseen events as we discover them in the process. We are trying to vet that now. He expects a recommendation here shortly. In fairness to our single bidder, we need to resolve and make a decision and a recommendation to Council.

The third meeting involved Mr. Bryan Hill, Deputy County Administrator; Mr. Mark Roseneau, Facilities Management, and he, who took an afternoon and visited several sites for possible office space south of the Broad River, in conjunction with the Myrtle Park building, and the opportunities to resolve our most recent solicitation for commercial property that would be available for us to use. That report will also be forthcoming here soon.

Presentation of 2012 Calendar

Mr. Gary Kubic, County Administrator, unveiled the 2012 Beaufort County Calendar. The annual Beaufort County Photo Contest began in 2005 and it produced pictures for our first calendar in 2006 as a public information tool for our Rural and Critical Land Preservation Program. Citizens had approved funding for the program and we wanted them to know more about how it worked. Marci Tressel took the cover shot of the Old Sheldon Church for the 2006 calendar. Marci is an excellent photographer and has earned a place every year since in our annual calendar. Ed Funk won the cover with his photo Day's End in 2007. The theme was "Traditions of Beaufort County" and the picture show's oystermen coming home after a full day on the water. In 2008 a photo by Larry Coffin made the cover. It's called 'Getting Ready for Shrimpin'. The theme was "One Day in the Life of Beaufort County" and we asked contestants to go out on just one day - Saturday, May 12 2007 - to take their pictures. It was a beautiful spring day with a little morning fog and the entries were sublime. Winter Sunrise by Donald Schwarz was our cover shot for 2009. The theme was Photographers choice." This picture was taken on Hilton Head Island. In 2010 we thought it would be fun to challenge photographers with the theme, "Faces of Beaufort County". Barry Wright won the cover with this great shot of Roland Washington, Lowcounty Cuisine Caterer. If you haven't tasted Roland's gumbo, you should! In 2011 Peaceful Harbor at the Barringer Tract by Margery Boyle. The theme was so successful we did it again this past year and added County Boat Landings and water access sites as valid photo locations.

Mr. Kubic introduced this year's photo contest winners. The cover photo - Stony Preserve by Stan Abrahamson; January - Port Royal Boat Land by Marci Tressle; February - Swim Buddies' Bikes at Lands End by Karen M. Peluso; March - Waiting for a Friend at Stoney Preserve by Paula Smith; April - Oleander and Sunset at Broad River by Nancy Promislow; May - Serene at The Green by Karen M. Peluso; June - Coosaw Island Public Access by Stan Abrahamson; July - Wallace Boat Landing by Ellen Corbett; August - Jenkins Island Dock Crab Pot by Chris Mills; September - Sunrise Kayaks at White Hall Landing by Karen M. Peluso; October - Jarvis Creek Park Walkway by Sandra Riley; November - Earl Morning View at Stoney Preserve by Patricia Roche; December - Fishing at Dusk: Jarvis Creek by Hale Cherry.

The 2012 calendar was designed by Pamela Uhles Brownstein.

2011 Comprehensive Annual Financial Report (CAFR) Highlights

Mr. Kubic, County Administrator, presented the County's Annual Comprehensive Financial Report. This year's CAFR is outstanding. Mr. Kubic presented the financial highlights: general fund balance increased by \$478,946, general fund combined revenues of \$97.0 million were \$2.1 million less than in FY 2010, general fund combined expenditures of \$96.5 million were \$5.3 million less than in FY 2010, expenditures in FY 2011 were adjusted to pre-FY 2008 levels in response to declining revenues.

Not only is the financial reporting excellent, the CAFR tells the story of Beaufort County through photographs and captions depicting our way of life here in the Lowcountry. Mr. Kubic highlighted some of photographs included in the CAFR. The cover picture was taken by Stacy Bradshaw and entered in our calendar photo contest. Although it did not make the calendar, it certainly caught the eye of David Starkey, our chief financial officer. David selected it for the cover and Teri Norris of the planning department added the logo and other elements to create a beautiful design. The next photograph demonstrates our support of our DSN services and their clients. Another photograph features our outdoor natural beauty in the CAFR. This photo was taken by our own Monica Spells. Other photographs include: (i) a video shot from Coastal Kingdom. Tony Mills is holding one of his co-stars. The picture gives us the opportunity to explain our broadcasting services and its programming. (ii) A photo of a white egret was taken by Scott Quarforth and is another calendar submission. It helps us explain more about our ecology. (iii) A video shot of our Dixie Youth Boys Baseball Tournament broadcast which further reveals the service of our broadcasters and shows off our PALS activities. (iv) Readers get a glimpse of our local culture with this shot of the Huspah Baptist Church choir which performed at the dedication of the Harriet Tubman Bridge, Altamaha Town Preserve and the US 17 improvements. (v) A video shot from our Blue Angels broadcast illustrates the impact of the Marine Corps locally. (vi) A photograph of the famous Tony Hawk performing for local fans at our new County skate park at Buckwalter. (vii) The back cover was designed by Terri Norris. It depicts logos from various organizations that have presented awards to the County during the past year. They include the National Association of Counties, the Tellys, the International Association of Assessment Officers, the Government Finance Accounting Office, and the Emmys for nomination of The County Channel.

Mr. Kubic is very proud of David Starkey and his team for putting this CAFR together. We strive for exceptionalism. On behalf of County Council, the administrative staff, the community at large, all your co-workers Mr. Kubic presented a plaque as special recognition for being the leader two years in a row on our CAFR. Mr. Starkey thanked the members of the Finance Team, "You are only as good as who you have helping you out."

Mr. David Starkey, Chief Financial Officer, gave a PowerPoint presentation on the CAFR highlights for fiscal years 2007 – 2011. The presentation showed a five-year millage analysis, general fund revenue analysis, general fund expenditures analysis, fund balance analysis, challenges over the next five years, and conclusion.

Mr. Ryan Miller, CPA, audit manager, ElliottDavis, the County's third-party auditor, remarked the firm is required to issue three reports that are inserted into the CAFR issued by the Finance Departments.

First. Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the US Office of Management and Budget (OMB) Circular A-133 Supplement, *a.k.a.*, single audit report. This report is ElliottDavis' opinion on the County's schedule of expenditures of federal awards. Since the County incurred over \$500,000 in FY 2011 of federal expenditures related to its federal grants, we are required to conduct a single audit of these federal grants. Since its overall expenditures of federal grants were less than \$10 million, the major program threshold is \$300,000 in federal expenditures. The County had two major programs in FY 2011. One is the Airport Improvement Program which deals with receiving federal monies for various projects related at the Beaufort County (Lady's Island) and Hilton Head Island Airports such as tree removal, construction of the AARF building, and the resurfacing and widening of the runways. The second major program is known as the Community Development Block Grant cluster. This is a cluster of two related programs, but we have to audit them as one. Part A of this cluster is the energy efficient HVAC system that was installed at the County DSN building and Part B is the Dale water project that was sub-awarded to B/J Water and Sewer Authority and it relates to servicing homes that are in the low to-moderate income areas with sewer and water lines. Those sewer and water lines take the place of septic tanks and wells. Based on our audit of the County's federal awards, ElliottDavis had no findings.

Second. Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards, *a.k.a.*, the yellow book report. ElliottDavis will consider the County's internal control over financial reporting for forming our audit procedures on its financial statements. However, we do not actually issue an opinion on the effectiveness of the County's internal controls over financial reporting. We only opine on the reasonableness of the financial statements as a whole. The reason is because we do gain an understanding by testing limited controls and assessing the design effectiveness of these financials, but we do not test enough controls to actually opine on these internal controls. Based our on audit of the financial statements, we did find seven findings this years. A couple items are repeat findings. These findings are effective June 30, 2011 and before.

Third. Report on the findings and questioned cost for the year ended June 30, 2011.

Item 2001 – 1: Disbursement from the Treasurer's Office

Findings: We noted that there is no approval process in place for issuing payments to employees for meal reimbursements and supplies. We noted that refunds are issued to the Emergency Medical Services department without receiving approved documentation to support the reason for the refund. We also noted a payment was issued to the Beaufort County Probate Court without receiving a payment request approved by a Department Head. These conditions increase the rick of there being unauthorized expenditures made at the Treasurer's office.

Recommendation: We recommend that the Treasurer's office issue checks through the accounts payable system used by the Finance department.

Management Response: We agree with the auditor's comments. The following has been implemented since the current Treasurer was sworn into office. The Treasurer and the two Deputy Treasurers are authorized check signers. The Treasurer's stamp is located at all times, access to the stamp is limited, and it is only used for large check runs. All other checks are signed manually. An authorized singer's signature indicated approval of the disbursement and the proper review of the supporting documentation. The supporting documentation is maintained with the corresponding journal entry. Employees are not permitted to review disbursements, such as reimbursements, from the Treasurer's office. Al employee requests for disbursements are submitted to the Accounts Payable department with the proper documentation and approval. The Treasurer's office is also transitioning disbursements previously made by the Treasurer's office to the Account Payment department.

Item 2011 – 2: Supporting Documentation and Authorization for Journal Entries

Findings: Supporting documentation for journal entries initiated in the Treasurer's office was not consistently maintained. As a result, there is not adequate documentation that these journal entries were properly authorized and reviewed for accuracy. This condition increased the risk that journal entries that are erroneous or for an unauthorized purpose could be recorded in the County's general ledger and not be detected.

Recommendation: We recommend that the Treasurer's office implement a policy in which documentation is maintained to indicate the journal entries are approved and reviewed for accuracy by authorized personnel other than the individual who initiatives and/or recorded the journal entry in the general ledger.

Management Response: We agree with the auditor's comments. The following has been implemented since the current Treasurer was sworn into office. Procedures have been implemented for the generation of journal entries which required the CFO Deputy Treasurer to review all journal entries for accuracy, including the accuracy and completeness of supporting documentation. In the absence of the CFO Deputy Treasurer, the two authorized journal entry creators will review the other's journal entry. Upon the return of the CFO Deputy Treasurer, a selective review will be performed on those entries. The journal entry's approval indicates the entry's authorization.

Item 2011 – 3: Lack of Segregation of Duties at the Treasurer's office

Findings: We noted that there was a lack of segregation of duties related to printing and stamping checks issued for property tax refunds. This lack of segregation of duties subjects the County to increased rick of the misappropriation of cash since one employee has access to the Treasurer's signature stamp and the ability to print checks.

Recommendation: Responsibilities should be assigned within the Treasurer's office to allow for proper segregation of duties, particularly in key areas such as printing and signing checks.

Management Response: We agree with the auditor's comments. The following has been implemented since the current Treasurer was sworn into office. The individuals with access to the signature stamp and authorized check signers do not have the ability to generate checks. The employee generating checks does not have access to the signature stamp nor is an authorized check signer and a difference employee generates the journal entry.

Item 2011 – 4: Recording Journal Entries at the Treasurer's office

Findings: We noted a journal entry to post a bank deposit for approximately 4575,000 to the County's General Fund was recorded approximately seven weeks after the bank deposit was made. As a result, the County's general ledger cash balance in the General Fund was understated by this amount. This condition increases the risk that the County's cash balance reflected in its financial statements are materially misstated.

Recommendation: We recommend that the Treasurer's office implement a policy in which journal entries are recorded within five business days after a transaction occurs so that the County's general ledger reflects current and accurate account balances.

Management response: WE agree with the auditor's comments. The following has been implemented since the current Treasurer was sworn into office. The treasurer's office has created procedures for generating journal entries, which vary based on the journal entry type. Journal entries will be recorded consistently and on an appropriate and timely basis.

Item 2011 – 5: Lack of Segregation of Duties at the Business License department

Findings: The Director in the Business License department receipts payment into the system and prepared the bank deposit. In this situation, a view of the Director's bank deposit is not performed. This increased the risk of the misappropriation of cash...

Recommendation: We recommend that the Business License department implement a policy to allow for property segregation of duties, particularly in key areas such as receipting payments and preparing the bank deposit.

Management Response: During a large portion of fiscal year 2011, the County Business License department was understaffed due to attrition. The limited staff temporarily hampered the Business License department's ability to separate these duties. More staffing was internally moved to the Business License department during the second half of fiscal year 2011 to properly allow for the separation of these duties.

Item 2011 – 6: Lack of Approval for Property Tax Refunds

Findings: We noted abatement slips prepared at the Auditor's office for personal property and automobile property tax refunds were not approved by someone separate from the preparer. This condition heightens the risk that unauthorized property tax refunds could be issued. As a result, there is more likelihood that the County's cash could be understated.

Recommendation: We recommend that the Auditor designate an employee to approve each abatement slip before a property tax refund is issued. We also recommend that this approval be documented on the abatement slip in the form of a signature.

Management Response: Based on the above findings the County Auditor's office has established new procedures for monitoring personal property refunds that will include a review and sign-off of each individual refund by a second party prior to the issuance of the refund. Additionally, a secondary authorization will be required and signed off on all abatement slips. This change in procedure is effective immediately.

Item 2011 – 7: Supporting Documentation for Property tax Refunds

Findings: Supporting documentation for property tax refunds initiated at the Auditor's office as not consistently maintained. As a result, there is not adequate documentation that these property tax refunds were properly authorized and review for accuracy. This condition increases the risk that property tax refunds that are erroneous or for an unauthorized purpose could be recorded in the County's general ledger and not be detected.

Recommendation: We recommend that the Auditor's office implement a policy in which documentation is maintained in indicate that property tax refunds are approved and reviewed for accuracy by authorized personnel other than the individual who initiated the property tax refunds.

Management Response: Supporting documentation is maintained consistently house; based on audit findings the following change in policy is effective immediately: abatement slips and required supporting documentation will no longer be sent to the warehouse but will be maintained in a central location in our main office. Each County Auditor's office employees using the same established, detailed filing procedure will turn in his/her abatement slips and supporting documentation to a designated supervisor on the last business day of each week.

Mr. Newton commented that Council appreciates the professionalism of our Finance Department and everything they do. We have been talking for some time about the definition of essential versus non-essential services in light of the challenges that Mr. Starkey highlighted here tonight. If we could put a timeframe on Administration's definition and categorization of essential services as it relates to County services. Then, if time permits, by mid-December have an Executive Committee to begin the process of at least a more in-depth understanding of what essential vs. non-essential service means in Beaufort County in advance of not only next year's budget but the challenges associated with reassessment. He requested a December 15 dissemination date.

Mr. Kubic stated that he has asked Attorney Howell and Attorney Gruber to assist him with defining what the South Carolina statutes require as a mandatory function of County services. He would like to begin by unveiling to County Council a statute, function, outline all of the minimum requirements by statute so that you could distinguish those then from Council's definition of what then is considered to be layered on top of that as essential and so on. The process is timely and a very good idea.

Acceptance of SC Aeronautics Commission Grant Offer to Develop a Master Plan for Hilton Head Island Airport

It was moved by Mr. Rodman, seconded by Mr. Glaze, that Council accept a SC Aeronautics Commission grant award in the amount of \$6,859 to Hilton Head Island to develop as master plan for Hilton Head Island Airport per State Statutory Law 55-5-87.

Mr. Kubic, County Administrator, stated that this grant award was approved based on the County's representation of local funding availability and its ability to proceed promptly with the project. This project qualifies for the FAA grant program where 95% of the cost is funded by a federal grant and 5% by state and local government. Project cost and funding are as follows: total project cost is \$274,370; federal grant \$260,652; state grant \$6,859; and local government \$6,859.

The vote was: YEAS - 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.

Beaufort County Magistrate / Petition to Readdress Grievances Concerning Retroactive Census-Based Compensation

The Chairman recognized State Senator Tom Davis, Clerk of Court Jeri Roseneau, Sheriff P.J. Tanner, and the three magistrates who are in the audience tonight.

Mr. Gary Kubic, County Administrator, invited Butch Bowers, Esquire, to the podium, who will explain his purpose this evening and the process to County Council.

Mr. Bowers: Thank you, Mr. Chairman and members of Council. My name is Butch Bowers, I'm an attorney with the law firm of Hall & Bowers in Columbia and I'm here on behalf of the three magistrates that the chairman just referenced, Judges Beth Prince, David Taub, and Larry McElynn. This is an issue that I believe has been percolating since July and that is the census-based compensation of, not just these three magistrates that are here with me tonight, but all of your magistrates here in Beaufort County. This issue, I'll get into it in a second, I promised the chairman I wouldn't take much time and I'll abide by that, this issue is really one that is purely a legal issue. I don't believe there are any facts in dispute. I think that the ordinance that this body passed recognizes that its statutorily mandated compensation increase based on the population based on the latest census data of the County. The issue, the sole issue here that I'm before you tonight, is when the effective date of that increase is. That's the sole issue and I'll get into my reasons why, but I'll tell you I respectfully believe that it's effective the date that the census data was issued by the Federal government to the State of South Carolina, which, as you know, is March 22, 2011, and I would respectfully ask you at the end of my presentation to take the necessary legislative action to ensure that the law is complied with and that the magistrates' compensation is, I don't like the use of the word retroactive but since it is on the screen, is retroactively corrected to recognize what the statute requires. Mr. Chairman, I have several

documents that I would like to make part of the record, would you like me to hand them up? Or hand them to the clerk?

Mr. Newton: Mr. Gruber, do you care how we're going to do this mechanically? If it's anything, Mr. Bowers, that we need to look at, do you have 11 copies?

Mr. Bowers: I do and, Mr. Chairman, I'll hand them up and in fact its, make sure I'm giving you everything.

Mr. Newton: I'll give Ms. Rainey my set of copies to put in the record.

Mr. Bowers: Ok, perfect. Actually, I've got 15 copies. Tell you what, I will. . . You've seen most of these; it's nothing new. Let me describe to you real quickly what they are as Mr. Kubic is helpful enough to hand them out. The first document is a letter dated July 21, 2011, from Judge Prince to Mr. Gruber and then contained asking, formally asking on behalf of herself and her colleagues, that the County increase the magistrates' compensation in accordance with the applicable law and attached to that letter are several exhibits: it's an email from Mr. Gruber to Judge Smith, it's a couple of Attorney General opinions, it's the applicable Code section, South Carolina Code 22-8-40, a couple of memos from the Association of Counties, a little bit of case law, and your ordinance. That's the first, that's the biggest document. The second document, you all are familiar with, is Ordinance 2011-32. It is the ordinance that recognizes the increases based on the census data. Then the third item is a, I'm introducing it to the record here, Mr. Chairman, is a memo from the Chief Justice of South Carolina Supreme Court, Jean Toal, dated April 13, 2009. By the way, as a quick aside, my law partner Kevin Hall and I also represent the South Carolina Republican Party. We were in the Supreme Court this morning with Beaufort County over the presidential primary funding issue so I am pleased to be with Beaufort County again this evening after starting off my day with Beaufort County and funding issues.

Mr. Chairman, members of Council, the relevant statute as I indicated earlier is 22-8-40 and then sub-paragraph B(2)(a) and that statute in relevant part says that "there is established a base salary for each population category as follows: for those counties with a population of 150,000 and above, which is Beaufort County, according to the latest, official United States decennial census, the base salary is 55% of a circuit judge's salary for the State's previous year." And I highlight the word "is" because that can only be read, I believe, to be concurrent with the latest census data. There is established a base salary for those counties according to the latest census data, the base salary is 55%. Mr. Gruber, in his email to Judge Smith, and I don't want to mischaracterize Mr. Gruber's own email, but he seems to agree with that. And I'm reading from his email that's identified as Exhibit 1 to Judge Prince's letter that says, it says that he's spoken with Lad, done some research, and has come to the opinion that the County would have needed to pay the salary increases as provided for under the code section at the time that the census figures became official. Now he goes on to say, had additional revenues become available to support supplemental appropriation. Nowhere in that code section that deals with magistrate's compensation, is there a contingency. Nowhere. I respectfully disagree with Mr. Gruber. I respectfully submit to Council that the statutory language is not contingent upon anything. It is effective according to the latest official United States decennial census. This conclusion is consistent with two recent Attorney General Opinions: one from 1990 and one from just June of

this year on this very precise issue. If the Attorney General's office has twice concluded in clear and unambiguous terms that the magistrate compensation is based on the census data is effective at the time that the census data is made official, is officially produced to the State of South Carolina. And again, there are no facts in dispute here. That was March 22, 2011.

I want to turn now to the Chief Justice's memo that I referenced earlier dated April 13, 2009. And this really gets to the heart of the matter of why these magistrates are here or why I am here on their behalf. They have a judicial obligation to be here, okay, and I was here for the financial report. I understand that these are very, very tough and austere fiscal times for everybody. I understand, and my clients understand, that sometimes everybody has to tighten their belt, they recognize that, but at the end of the day, according to this memo from the Chief Justice, it would violate their oath of office as well as the Canons of Judicial Conduct for them to take less than their statutorily mandated salaries. Let me read the pertinent part: "I receive reports that County officials are attempting to reduce salaries of magistrates, probate judges, clerks of court and masters-in-equity in an effort to reduce County expenditures. Any attempt to reduce the salaries of these court officials, either unilaterally or by consent, or asking them to write a check back to the County as reimbursement, is contrary to State law." Contrary to State law. I'm not talking about just an Attorney General's opinion; this is the South Carolina Supreme Court Chief Justice says it's contrary to State law for them to take less than their statutorily mandated compensation. "By statute, the salaries," the Chief Justice continues, "of magistrates, probate judges, clerks of court and masters-in-equity may not be reduced during their term or tenure in office. Further, court officials consent to a salary reduction would be considered a violation of their oath of office as well as a violation of the Canons of Judicial Conduct."

Mr. Chairman, members of Council, these judges firmly believe, and I think they're right, that as a matter of law their compensation increase was effective March 22, 2011. With that firmly held belief, these judges are obligated to bring this matter to you for a formal decision on this issue and, therefore, I respectfully – I'll be happy to answer any questions you may have – but I respectfully request, Mr. Chairman, that this body take this matter up formally for a vote and make a decision tonight whether you're going to decide to grant our request to increase the magistrate's – take the necessary legislative action – I understand there is an ordinance that may have to be passed or some mechanism, some vehicle needs to be created to recognize that the law requires for the magistrates' compensation, based on the new census data, to be effective on March 22, 2011, and I respectfully request this body to take that issue up.

Mr. Newton: Members of Council, do you all have questions for Mr. Bowers or do you want to hear from Mr. Gruber next? Mr. Gruber, you're up.

Mr. Bowers: Again, thank you for your time. I appreciate you putting me on the agenda so we could be heard. Thank you.

Mr. Newton: Absolutely.

Mr. Gruber: Good evening Mr. Chairman, members of Council. I'll be very brief since we have discussed this issue several times now. It does come before you pursuant to Statute 22-8-50 which Court requires the magistrates to formally request that you do take some action with

regards to compensation. You received that request this evening from Mr. Bowers. I would not disagree with his statements that at no time have I waived on my opinion that the effective date for the compensation was not the date that the numbers became certified, but I am still resolute in my opinion that State law dictates Council's budgetary process. That process is outlined in Section 49-140, it states in pertinent part, "County Council shall adopt annually and prior to the beginning of the fiscal year, operating and capital budgets for the operation of County government and shall identify the sources of anticipated revenue including taxes necessary to meet the financial requirements of the budget adopted." It goes on to state "the Council may make supplemental appropriations which shall specify the source of funds for such appropriations" and additionally states that for purposes of this section, "a supplemental appropriation shall be defined as an appropriation of additional funds which have come available during the fiscal year which have not been previously obligated by the current operating or capital budget." It has been my position, and remains my position, that because this obligation came up in the middle of a budget year that unless there were additional funds received in which to satisfy this obligation, you do not have the ability to make a supplemental appropriation as stated by South Carolina law. I'll be happy to answer any questions that you have but I believe those are the issues before you this evening.

Mr. Newton: Does anybody have any questions for Mr. Gruber?

Mr. Flewelling: The fact that a supplemental appropriation was less than the previous year.

Mr. Gruber: It is my understanding in my discussions with our Chief Financial Officer, that the amount that Council anticipated receiving in the State aid to subdivisions at the time of the 2010/2011 budget was set, ended up being several hundred thousand dollars less than what was actually received.

Mr. Newton: Mr. Gruber, before you go, I need to understand procedurally. The matter comes before us in two ways: the petition to address a grievance but also our internal mechanisms that comes with a Committee recommendation to take no action. The Committee recommendation is affirmed. Have you and Mr. Bowers discussed whether that is a final determination for their purposes.

Mr. Gruber: I was in discussion with Mr. Bowers and we had agreed that up until this point there had been nothing on the record formally on behalf of the magistrates making this request. There wasn't anything in the minutes; there certainly was ample discussion about this subject, but nothing from the magistrates themselves. They have come before you this evening. It would be my position that because the statutes that talks about, the 22-8-50, that talks about the redress of grievances, it states that any ruling or action by Council, the ruling to take no action, I believe, would create grounds from which they could appeal to Circuit Court. And I would defer if there is any objection to that or comment.

Mr. Bowers: Mr. Gruber and I have had discussions on that. I would tell you it would be no doubt if you were to take action as opposed to just affirming what the Committee recommended. However, it seems to me that if the County, if we take further judicial, if we seek further judicial review of this body's decision to adopt the Committee recommendation and if the County

doesn't appeal or move to dismiss on failure to exhaust administrative remedies, I think it's a moot issue.

Mr. Newton: Thank you very much.

Mr. Bowers: Sure.

Main motion (Finance Committee recommendation of September 12, 2011 and Council approval September 12, 2011): Council reaffirm the Finance Committee recommendation of September 12, 2011 and Council approval September 12, 2011 of an ordinance to amend the FY 2011/2012 Beaufort County Budget Ordinance so as to provide a supplemental appropriation from the County's General Reserve Fund in the amount of \$72,159.83 for the purpose of funding Census-Based Beaufort County Magistrate salary increase for the period of July 1, 2011 to June 30, 2012.

Mr. Newton: Ms. Von Harten.

Ms. Von Harten: I'm looking at the memorandum from the South Carolina Association of Counties staff from back in March of 2011 and they're giving us fair notice and the letter from the magistrate says that they've been giving us notice since January of 2011 that this is going to impact us and it says here this means salary increases take effect once the census figures become official. That's what the Association of Counties memo says. It's followed by an "of course this is an opinion. It has not been tested." I just don't know if all this going back and forth is a good use of our time and considering the services that the magistrates render to our County, I'd like to make a motion that we, as a result of the certification of the decennial census figures, that we provide salary increases retroactive to March 22, 2011.

Mr. Newton: Thank you, Ms. Von Harten. I think as we talked about it in the caucus meeting for predicate because of the Committee's recommendation, you've got to move to amend the Committee recommendation at this point in time. Is that correct, Mr. McBride? That's what I asked Mr. McBride.

Mr. McBride: That's correct.

Mr. Gruber: Mr. Newton, you got to love *Roberts Rules of Order*. In order to make the motion to amend you had to have been in the majority voting party of the main motion that was made previously. I don't know what the record of that vote ...

Ms. Von Harten: I was in the majority.

Mr. Gruber: Just checking procedurally.

Ms. Von Harten: I was and I am moving to amend the Committee recommendation.

Mr. Newton: There's a motion made to amend the Committee's recommendation. Is there a second?

Mr. Sommerville: This is a question for the Parliamentarian. I was in the minority. Can I second, I don't think I can second. Can't make the motion or second.

Mr. McBride: If you feel so compelled to do so, you can.

Mr. Sommerville: Are you sure?

Mr. Newton: If the Parliamentarian says you can.

Mr. Sommerville: I'll second it in that event.

Motion to amend by substitution: It was moved by Ms. Von Harten, seconded by Mr. Sommerville, that Council, as a result of the certification of the decennial census figures, provide salary increases retroactive to March 22, 2011.

Mr. Newton: We're in discussion and I'm going to lead off and then see where everybody wants to go with this. You know, one of the reasons that the Committee, I think, took the position of taking no action is to avoid having to take a no vote, quite simply. And, out of deference to our magistrates, you know, we're different departments within the County but essentially we're 1100+, a family of 1100+ County employees. As explained by Mr. Gruber, we're under certain requirements to prepare our budget and while I do think this ultimately is a legal issue, I think that there are perhaps conflicting laws with regard to whether mid-stream we are required to respond to an unfunded State mandate. Are we required to deficit spend money we don't have until the next budget cycle? So regardless of what the Association of Counties memo has, look, certainly nobody up on this dais appreciates or probably understands the hard work of our magistrates and their dedication. At the same time, given our fiscal constraints, in light of the fact that we've given no cost of living adjustment in three years to the 1100 employees, that we furloughed in the same year, that we're now talking about going back or being requested to make a supplemental appropriation that within the last few weeks we've approved an increase in health care costs to the 1100 employees that work for the County, I believe that County Council has appropriately addressed that which is required vis-à-vis the population-based State mandated salary increases with them effective July 1 and I believe that any further requirement to go prior to that date into a previous year's closed budget would be as potentially ordered by Court.

Ms. Von Harten: And mess up our CAFR.

Mr. Newton: You're messing it up already. I'm against your motion. I had hoped that we would dispose of this the way that had been done in the Committee and it still provided the vehicle if need be for a final determination, but the fact that in the history of Beaufort County I don't know that we ever furloughed employees, and we got 1100 people out there that have not gotten a cost of living adjustment in more than three years. We're about to determine what constitutes essential vs. non essential, if we don't have to engage in a discussion talking about potential furloughs next year or even a greater step than that, I'll be shocked given what's happened. And we've just effectively lowered the salary of every County employee by increasing their health care costs or at least the portion that they have to pay. As much as I would love to be able to do it, I believe that the only appropriate way that that could be done is if

it was required by Court and I'm firm in my belief in that. Others that want to speak either for or against Ms. Von Harten's motion to amend? Mr. Stewart.

Mr. Stewart: Mr. Chairman, yes, a couple of things. One, I'm like you, I tend to vote against it but I think it's very important to understand that it's not a reflection on the magistrates being stated, it's just a matter of fact of the situation that we're in and as I hear it, there's basically a conflict between what our requirements are for budgetary purposes and what the law says with respect to the salary increases. It would seem to me, and we have our State Senator in the back row back there, it seems to me again it's like the roll-up / roll-back of taxes; this is a consequence that probably wasn't anticipated because we've not encountered this kind of financial problems and issues in the past that we're encountering today. It seems like this is poor legislation again and I would like to think that regardless what the outcome of this is, that the Legislature would take a hard look at this with respect to the law and would understand that making this kind of correction in mid-year is just not conducive to managing our budgets properly and I don't think that that's appropriate. So that would be the one thing I would say. And it's not clear to me, based upon the advice that we got, Mr. Bowers said, as to what the consequences are to this body vis-à-vis the letter from the Justice of the Supreme Court, are we in violation of our oath, etc., and what is the consequences to us if we vote against this?

Mr. Newton: You can ask Mr. Gruber. The memorandum, I think, speaks to itself. It actually was issued in response to a furlough discussions and requests that members of the judicial department had. It talks about salary decreases.

Mr. Stewart: But, in essence, I'm reading into that, if I'm reading correctly, by not paying them, in essence, I think they're saying we are decreasing their salary. You disagree with that. Again, I have real concern and question, I don't know that we've had enough information but on the surface of it just from the fact what our responsibilities as I see them, I, like the Chairman, feel that if the Court declares that we have to do it there's no negative consequence to us to go that route, that's where I would like to go. If the Court declares obviously then we have to pay it but I think it needs to have a thorough review judicially and ultimately, I think the Legislature needs to seriously look at this, what I think is a flawed process.

Mr. Gruber: Certainly, I am familiar with Chief Justice Toal's memo of 2009. It was actually issued in response to the actions by Berkeley County. If any of you know my resume, you know where I was in 2009 so it's kind of apropos that I'm before you this evening as well. I disagreed with Justice Toal's opinion at that time especially as it relates to the compensation issue and to the issues of returning funds. I can tell you that I believe there were donations that were made back to the County at that point in time because there was a County-wide furlough program that was implemented and mandated. And, as Mr. Newton said, there is a family that is thought of throughout the course here. I am familiar with that opinion and I would disagree with portions of it. I think it is Justice Toal's opinion. The cases that were relied upon that dealt with funding dealt with return of funds by public officials for purposes of re-election. I don't believe that is the intent behind these issues at this point in time.

Mr. Stewart: Actually, in your opinion, we're mixing issues here and it needs to be clarified.

Mr. Gruber: Yes, sir.

Mr. Newton: Mr. Caporale.

Mr. Caporale: Josh, I just wanted to ask you, I forgot in all the discussion, what was the total amount of money involved here?

Mr. Gruber: For this particular portion that's before you this evening, I think it was just a little over \$20,000.

Mr. Caporale: To go back to March 20.

Mr. Gruber: To the effective date, the date that the census figures were certified by the Federal government.

Mr. Caporale: Thanks.

Ms. Von Harten: That's not per magistrate, that's total.

Mr. Gruber: It is total. That's correct.

Mr. Newton: Mr. Flewelling.

Mr. Flewelling: A lot of times in labor law there is a provision for damages, do we have that in here?

Mr. Gruber: I don't believe so based on the type of action that will be brought. Generally, damages are for purposes of torts. This is not a tort as far as I'm aware. I don't know if Mr. Bowers would want to speak to the case; he may be able to more fully brief you on that.

Mr. Bowers: Thank you, Josh. Very quickly, no sir. This is not a payment of wages at case. My clients are not interested in triple damages or any damages really. So I can answer your question unequivocally no, no damages here. And, Mr. Stewart, if you would allow me to clarify my comments earlier and to answer your question, I don't believe, let's assume that this Council votes against what I'm asking tonight, I don't believe any of you are violating any oaths. I think the Chief Justice's, with all due respect to Mr. Gruber, I think Chief Justice is correct but I think she was talking about judicial officers, not County Council members. I don't believe you're in any danger of violating any oath. I will, sir to your question, about the \$20,000 is an issue but I can tell you because my magistrates believe that they have a duty to see this through and to seek judicial review that there are obviously going to be litigation costs that would increase the County's cost and then there's a potential for my attorney's fees, frankly, to be paid by the County under the attorney fee provision statute. So, I'd ask you to take that in consideration in terms of when you make the overall fiscal impact. I'd ask you to take that into consideration as well. Thank you, Mr. Chairman, for the additional time.

Mr. Newton: Josh, quick question. The \$20,000 is just as it relates to the magistrates, correct?

Mr. Gruber: That is correct.

Mr. Newton: Not the probate judge, master-in-equity or any of the other adjustments that are population based.

Mr. Gruber: No, it's just the magistrates.

Mr. Newton: None of those judges have come forward asking for that.

Mr. Gruber: It's my understanding that three magistrates are the ones that are before you this evening and I have not heard of any other office or any other official that has made contact with Council regarding that issue.

Mr. Newton: The price tag as it relates to the magistrates.

Mr. Gruber: Correct, that is just for this particular period for magistrates only.

Mr. Newton: Ms. Von Harten.

Ms. Von Harten: Who is subject to the Canons of Judicial Conduct out of all the people that would be eligible for these?

Mr. Gruber: Judges are.

Ms. Von Harten: Judges are but the rest of the people

Mr. Gruber: Most elected officials are subject to the State Ethics Act.

Ms. Von Harten: But I'm talking about this Canon of ...

Mr. Gruber: Canons of Judicial Conduct.

Mr. McBride: Judges only.

Ms. Von Harten: And magistrates.

Mr. Gruber: Magistrates are judges.

Ms. Von Harten: Yeah. But the other people that would possibly be getting raises under this would not be subject to that same Canon.

Mr. Newton: No, every one of them. Every judge that would be impacted by the population statement increase theoretically would be ...

Ms. Von Harten: Okay, so the probate judge, master-in-equity. So we need to give them their money too.

Mr. Gruber: I can tell you what you have before you this evening is a request by three magistrates to grant the compensation and that's indicated on the agenda item.

Mr. Newton: Other comments? Mr. McBride.

Mr. McBride: Thank you, Mr. Chairman. In light of the severe budget restrictions that we went through several weeks ago, a couple of months ago in regard to County employees, having them to take time off without pay, I cannot bring myself to support the motion that is on the table now. I think it's a slap in the face to all the other County employees. Being perfectly honest, I believe magistrates are well paid as it is already and to me it seems like an element of greed being perfectly honest when all other County employees gave up five days of pay and obviously I'm not a lawyer, but I don't see this as a reduction in salary. A reduction in salary is once you start getting the salary and that amount is decreased, in my terminology. This is not a reduction in salary and I will not support the motion and I hope the majority of Council will vote it down.

Mr. Newton: Thank you, Mr. McBride. Mr. Flewelling.

Mr. Flewelling: I also will not support this motion. At the same time that the period in question that the magistrates potential pay increase, retroactive pay increase, is stated for, that's the same time we were asking County employees to furlough. It's exactly the same time. And then we were discussing, during that same period and since then, the fact that we won't be giving pay increases as a general rule to County employees, there are some employees that will be getting pay raises for time in service or the Sheriff's departments, but the magistrates will be getting a pay increase generally across the board based on population statistics. So, we've taken that into account for the current fiscal year. The question is whether or not we should be giving them retroactive pay raised without having received money, an increase in money, from the State that was an actual increase in dollars. We've not done that and, in fact, we got about one third of a million dollars less than we anticipated in that fiscal year. So, if we had gotten extra money from the State, I think that might have been a good use for it; however, we got less money than we had anticipated. I can't justify opening all the books and changing everything that we've done so far in order to give a pay increase that nobody else had got. Nobody else has asked for.

Mr. Newton: Thank you, Mr. Flewelling. Other comments?

Mr. Bowers: With all due respect to all County employees, I understand its tough fiscal times but with great respect, Mr. Flewelling and Mr. McBride, you're comparing apples to oranges. Magistrates have a statutorily mandated increase in pay. These folks are not greedy, these folks are hard working. These folks are not asking for something that others that are similarly situated with are not entitled to. In fact, if they didn't feel that they were obligated under the Judicial Code of Ethics, I'm not sure they'd even be here. But the fact is the statute requires it and they're obligated to be here to ask for it. And all other County employees are not similarly situated. Most County employee compensations are not based on statute. They're just not. Magistrates are. And, if Senator Davis wants to change that, introduce a bill to change that next session, he can, but as I'm here before you today that's what the State law is and therefore, with great respect, I believe you're mixing apples and oranges when you're talking about County employees. And there's no question, they had it tough and this County's had it tough but when

we're comparing those folks to the magistrates, who have a statutorily mandated compensation rate and, look, you even recognized with your ordinance that it's a statutorily mandated compensation rate but the attorney general's office agrees and, in fact, if I understood you correctly, I don't want to mischaracterize your comments, sir, but if times were better you may consider doing it.

Mr. Flewelling: Because we would have gotten an increase in State aid in that last quarter that we didn't get.

Mr. Bowers: I understand that, I understand that but that doesn't obviate the legal requirement to do it regardless of additional state aid or not. So, again, thank you for the additional time.

Mr. Flewelling: One final point if I might make. I have a question, how many of the potential people that would benefit from this do you represent, sir.

Mr. Bowers: I represent three magistrates.

Mr. Flewelling: Out of how many people who would be eligible for this increase?

Mr. Bowers: I believe, Mr. Gruber, there are seven magistrates in Beaufort County?

Mr. Flewelling: Seven magistrates and the master-in-equity and the probate judge. All who would benefit statutory requirement, is that correct?

Mr. Bowers: Sir, I'll defer to the clerk or Mr. Gruber but it is my understanding that those others, the probate judges and the master-in-equity, their compensation is already above what, and it was increased maybe a couple of years ago, by this body. And their compensation is already in excess of what the statutorily mandated minimum is. So, no, they are not affected. Literally, I'm talking about seven judges. That's it. I represent three but that's it. So, I'm not talking about the rest of the County judiciary, I'm talking about seven magistrates and that's it.

Mr. Flewelling: Thank you.

Mr. Newton: Other comments? Mr. Baer.

Mr. Baer: I have one quick question; the magistrates' salary is a percentage of the State Circuit Court Judge salary as you said. Does this State Circuit Court Judge get a cost of living increase?

Mr. Bowers: That's a good question. I'm not sure if they do or not.

Mr. Baer: Because if they do, then the magistrates would get a cost of living increase, keeping the percentage constant.

Mr. Bowers: Correct, but I'm not sure.

Mr. Baer: Again, something our employees did not.

Mr. Gruber: The statute requires that if there is a pay raise given to all employees that they're given the same proclivity as all employees. So, if you give a raise to all employees, the magistrates/the judges automatically get those raises as well.

Mr. Baer: And if we don't give one, the magistrates.

Mr. Gruber: Don't get one.

Mr. Baer: OK, thank you.

Mr. Newton: If there is a State cost of living adjustment, those folks that are paid by Beaufort County but pursuant to State statute as a percentage of a State-based compensation get a cost of living raise.

Mr. Gruber: The State does provide supplemental funding to its seven or eight different elected or appointed offices and I believe the judges, I don't know about the circuit judges, but I believe the probate judge and some of the other officials would fall under that supplemental appropriations.

Mr. Newton: Mr. Glaze.

Mr. Glaze: Yes, when you speak of apples and oranges and you have different kind of citizens who are employed by the County and as a father looking at this particular show or this meeting, the main thing is our welfare. How do we feed and protect our families. I always was told that a little of something is better than nothing. And when you look at the amount of people who have the pink slips, who have no income, no job at all, when you look at the amount of foreclosures that we have; you know when, many times people have a lot of problems and we, as individuals, think we have problems but if we all take our problems and throw it in one big pile, we'll quickly grab our problems back because we'll realize that other people have situations that are as bad as ours or worse than ours. So, although I sympathize with their plight and I heard what the attorney judge said, it's no way I could support this knowing the financial status of many of my constituents and many other people. People who are struggling, people who are trying to survive, people who are looking for the next income, where I'm going to get the next dollar from and to come and say we're going to do this when there was no tax increase that could perhaps alleviate this problem, I don't think that any of the magistrates are going hungry today and I don't think they're going hungry next week or the week after. And although we sympathize with them, we have, there's the law and there's what we call the morals, the ethical part of it. And I look at wrong vs. right. Some people may have want, don't have any kind of transportation at all, and one person may have a want - a Lamborghini – because he has a couple of Cadillacs or a Lexus but he wants a Lamborghini and here goes another individual, all he wants is a bicycle for transportation. And that's the same situation we have here. At this point, I have no intention to support this. I understand their situation, I understand their plight, but right is right and wrong is wrong. And right now that's the wrong thing to do. Thank you.

Mr. Newton: Mr. Rodman.

Mr. Rodman: Thank you, Mr. Chairman. You know this is legal issue and I hope it's one that we would settle on a very friendly basis. My understanding is that if we do nothing, it would be the same as voting no and your recourse would be go to Court, there'd be a ruling and it would fall one way or the other. If we were going to put through the increase, or if you will, change the date, we would have to go through three ordinance readings under any circumstance if I understand it and I wonder if this doesn't lend itself to essentially, on a friendly basis, going to the judge and getting a declaratory judgment, read the law and come back and tell us what the law is and if the law says you're entitled to it, I think we'd be obligated to go through the process. And if it says you're not obligated to it, end the process. But I wonder if there isn't a friendly way to somehow resolve this and move it forward and get a judge to do a declaratory judgment if I understand how those things work.

Mr. Newton: I'll speak to that Mr. Rodman.

Mr. Rodman: I always get in trouble when I do judicial things.

Mr. Newton: Having a no action in committee and then having that same vote reaffirmed by this body is not an official "denying" that to the magistrates for purposes of the way the vote has been presented and is intended to avoid any disrespect for the magistrates, but still provides them the necessary basis to go seek relief by way, perhaps, of a declaratory judgment in the Courts. But they have to have; they need to have, as a predicate to go do that, the final action of this body. And that's why we're here tonight to do. It's been correctly pointed out that the circumstances regarding the other County employees, is not a legal consideration. But it is a policy consideration for us and the conflict in the various laws at issue here; the law that has been advanced by Mr. Bowers, the law as cited by Mr. Gruber regarding our budget appropriation ,and last but not least, the law that requires the State to fully fund the local government fund that in the past four or five years has been continuously reduced. There is a statute on the books that says that must be done; this percentage of total State collections shall, is the language, go back. This is a legal issue, it does lend itself to having the Court do it while the issue regarding the 1100 employees that we sit up here and have to discuss and debate is not one of the legal considerations; we can't deny it's a policy consideration for us in the context of this discussion and what these guys do as judges for Beaufort County we appreciate, we acknowledge, we have the utmost respect for the job that you all do as judges and we appreciate it. We ought not let this discussion digress or fall to a level that is not becoming us as elected officials or these judges in what they're doing. We've got policy considerations that come in play with this legal analysis and they believe they have a judicial obligation to come before us tonight and ask this and I think that Ms. Von Harten's motion should be denied, I think the Committee recommendation should be reaffirmed and then from there it would be left to the Courts to make a determination. With that, I think I'm going to call it a question. We're going to call for question on Ms. Von Harten's motion:

Vote on the motion to amend by substitution: YEAS – Mr. Rodman, Mr. Sommerville and Ms. Von Harten. NAYS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton and Mr. Stewart. The motion failed.

Mr. Newton: Mr. Gruber, the motion that's before us now is simply the Committee's recommendation; no second is required, we're in discussion on the Committee recommendation. There is no discussion I'm going to close the debate on that and we're going to move on. Yes, ma'am?

Ms. Von Harten: I just think the Committee did not realize the ethical implications when we were in Committee and if I had understood the ethical implications, I might have voted differently when I was in Committee.

Mr. Newton: At the risk of opening up the discussion completely back up, ethical consideration?

Ms. Von Harten: The magistrate's, the judges' ethical considerations and I think in a time when we're trying to build democracies in other parts of the world and trying to create a judicial system with integrity in these other countries, we've got to let our judges do what they need to do to maintain the integrity of their offices and this is part of that from what I understand.

Mr. Newton: And I think, I believe, that's what we're doing by allowing the process move forward. Any other questions?

Mr. Flewelling: I do have a question. And this is a motion to affirm the recommendation of the Finance Committee.

Mr. Newton: That is correct.

Mr. Flewelling: Thank you.

Mr. Newton: Which both of these gentlemen have acknowledged gives them the necessary final determination of this body to move forward as determined to be appropriate.

Mr. Bowers: Mr. Chairman, may I ask, do you believe that?

Mr. Newton: Do I believe what?

Mr. Bowers: That affirming the Committee's decision gives us the ...

Mr. Newton: Are you looking for my legal opinion or as the Chairman of County Council?

Mr. Bowers: As the Chairman, sir.

Mr. Newton: I'm not a very good lawyer for myself.

Mr. Bowers: Solely as the Chairman; take your lawyer hat off.

Mr. Newton: I do.

Mr. Bowers: Thank you all.

Mr. Newton: Any further comment? The Committee recommendation is what is before us:

Main motion: Council reaffirm the Finance Committee recommendation of September 12, 2011 and Council approval of September 12, 2011 of an ordinance to amend the FY 2011/2012 Beaufort County Budget Ordinance so as to provide a supplemental appropriation from the County's General Reserve Fund in the amount of \$72,159.83 for the purpose of funding Census-Based Beaufort County Magistrate salary increase for the period of July 1, 2011 to June 30, 2012. YEAS – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Stewart, and Mr. Rodman. NAYS - Mr. Sommerville and Ms. Von Harten. The motion passed.

DEPUTY COUNTY ADMINISTRATOR'S REPORT

Two-Week Progress Report

Mr. Bryan Hill, Deputy County Administrator, presented his Two-Week Progress Report, which summarized his activities from October 24, 2011 through November 11, 2011.

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN EASEMENT ENCUMBERING PROPERTY OWNED JOINTLY BY BEAUFORT COUNTY AND THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

This item comes before Council under the Consent Agenda. It was discussed at the October 25, 2011 Public Facilities Committee.

It was moved by Mr. Glaze, seconded by Mr. Sommerville, that Council approve on first reading of an ordinance authorizing the execution and delivery of an easement encumbering property owned jointly by Beaufort County and the Town of Hilton Head Island. The vote was: YEAS - 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.

WATER QUALITY MONITORING CONTRACT FOR BEAUFORT COUNTY

This item comes before Council under the Consent Agenda. It was discussed at the November 7, 2011 Natural Resources Committee.

It was moved by Mr. Glaze, seconded by Mr. Sommerville, that Council approve a one-year extension of the Water Quality Monitoring Contract to GEL Engineering, Charleston, South Carolina in the amount of \$95,506 (north of Broad River \$58,506; south of Broad River \$36,588). The two scopes are necessary because Beaufort City and Port Royal Town will be contributing approximately 25% of the cost for monitoring north of Broad River. The source of funding is Stormwater Utility fund account 13531-51160. The vote was: YEAS - 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.

ELECTRONIC MONITORING SERVICES FOR THE FOURTEENTH JUDICIAL CIRCUIT COURT, SOLICITOR'S OFFICE, BEAUFORT, SOUTH CAROLINA

This item comes before Council under the Consent Agenda. It was discussed at the November 7, 2011 Governmental Committee.

It was moved by Mr. Glaze, seconded by Mr. Sommerville, that Council award a contract to Offender Management Services of Cummings, Georgia, the top ranked firm, with no cost to the County for an initial one-year contract with four, one-year annual renewals subject to approval by Council. The vote was: YEAS - 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.

AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO

Main motion. It was moved by Mr. Sommerville, seconded by Mr. Flewelling, that Council approve on second reading an ordinance authorizing the placement of a question on the official ballot for the general election to be conducted November 6, 2012, concerning a proposition authorizing Beaufort County to issue general obligation bonds to acquire lands for preservation and to pay certain costs and debt service related thereto.

Motion to amend by substitution: It was moved by Mr. Rodman, seconded by Ms. Von Harten, that Council amend the referendum question, "Beaufort County, South Carolina issue general obligation bonds, not to exceed \$25,000,000, representing a borrowing that at no time shall exceed 1 mill in debt service repayment . . .". The vote was: YEAS - Mr. Baer, Mr. Dawson, Mr. Flewelling, Mr. Glaze Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS - Mr. Caporale. The motion passed.

Vote on the amended motion, which includes the motion to amend substitution. Council approve on second reading an ordinance authorizing the placement of a question on the official ballot for the general election to be conducted November 6, 2012, concerning a proposition authorizing Beaufort County to issue \$25,000,000, representing a borrowing that at no time shall exceed one mill in debt service repayment, general obligation bonds to acquire lands for preservation and to pay certain costs and debt service related thereto. The vote was: YEAS - Mr. Baer, Mr. Dawson, Mr. Flewelling, Mr. Glaze Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS - Mr. Caporale. The motion passed.

MOTION TO EXTEND BEYOND 8:00 P.M.

It was moved by Mr. Glaze, seconded by Mr. Caporale, that Council extend beyond 8:00 p.m. The vote was: YEAS - Mr. Baer, Mr. Dawson, Mr. Flewelling, Mr. Glaze Mr. McBride, Mr.

Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS - Mr. Caporale. The motion passed.

AIRPORT CAPITAL IMPROVEMENT PROGRAM (ACIP) PLANS

This item comes before Council under the Consent Agenda. It was discussed at the October 25, 2011 Public Facilities Committee.

Mr. Baer clarified that voting on this motion puts this Airport Improvement budget into the FAA budgeting process, but does not represent specific approval for any of those projects. That specific approval would have to come from Council and require a cost benefit analysis. We are voting on putting a placeholder in the FAA process and nothing more.

Mr. Rodman said a couple of months ago Council approved the contract for the environmental assessment and the benefit cost analysis, there was an attachment about proceeding with the land acquisition for the last 400 feet. Is this plan, now, in front of Council, just focused on the so-called Phase I, and included land, construction, environmental and everything else?

Mr. Paul Andres, Airports Director, agreed in the affirmative. The last guidance received jointly from the County and Hilton Head Island Town Councils was to implement Phase I of the master plan and this particular capital improvement plan does that – it reflects the projects within the Phase I implementation schedule.

Mr. Rodman stated there has been conversation over time about whether or not the design phase would occur in parallel with the environmental assessment and the benefit cost analysis. At our October 24, 2011 Council meeting, a comment was made that we might be going down that path. Does this provide money for doing the design portion of Phase I in parallel with the environmental?

Mr. Andres replied, “It does not.” The preliminary timeline for Phase I implementation of the master plan follows: (i) environmental assessment / cost analysis is 18 months, (ii) design phase 12 months, permitted process associated with the design, and (iii) associated land acquisition with the runway extension and relocation of the parallel taxiways. That land acquisition is currently valued at about \$8,750,000 and the FAA regulations do not allow them to fund that acquisition until the environmental documentation has been completed and approved. Therefore, accelerating the design element will do nothing to accelerate the end product, which is the construction of the additional taxiways.

It was moved by Mr. Glaze, as Public Facilities Committee Chairman (no second required), that Council approve the FY 2012 Updates and Five-Year Airport Capital Improvement Plans for both the Hilton Head Island and Beaufort County Airports for submission to the FAA. The vote was: YEAS - 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.

AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, WITH APPROPRIATE SERIES DESIGNATIONS, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY-AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO

Mr. Newton remarked that in order to meet the five-year requirement from the time that the authorization was voted on in 2006, this matter is here tonight for first reading approval to authorize the issuance of the final \$10 million of rural and critical lands money. There will be a second reading and then there is a recommendation for a potential special meeting of Council to be held December 5, 2011.

It was moved by Mr. Flewelling, seconded by Ms. Von Harten, that Council approve on first reading an ordinance authorizing the issuance and sale of general obligation bonds, in one or more series, with appropriate series designations, of Beaufort County, South Carolina, in the principal amount of not exceeding \$10,000,000; fixing the form and details of the bonds; authorizing the county administrator or his lawfully-authorized designee to determine certain matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; and other matters relating thereto.

Mr. Baer is going to vote against the motion in view of the millage increase that we heard about two weeks ago and the further millage increases heard about earlier today to cover other things. He is concerned about the tax millage that we are going to put on our citizens. He views this as something that can be put off a year. There are legal rulings and such that say we cannot, but we have heard legal rulings that we have to give raises to the magistrates and we worked our way around those.

Mr. Rodman does not believe we have the moral right or authority to not act on things that have been approved by the voters in a referendum.

Mr. Newton echoed Mr. Rodman's comments. This issue was approved by the voters. The risk that we run in not fulfilling the five-year requirement, means that we do not have the ability to authorize the bonds and we will never be able to sell the bonds given the fact we will be out of compliance of the bond covenants and / or applicable state law before we ever reached the point of selling. What history is going to show is that Rural and Critical Lands Program is probably one of the single-most successful programs that has ever been engaged in Beaufort County. What the citizens have done, in voting themselves a tax increase, is to preserve a little bit of Beaufort County as they remember it at different points in time when they voted for generations to come. We have two more readings to discuss whether this ought to be approved; but, to shoot this down tonight, at the preliminary stage and to make a decision of this significance to the Program, Mr. Newton thinks is a disregard to the will of the people when the referendum was approved in 2006.

The vote was: YEAS - Mr. Dawson, Mr. Flewelling, Mr. Glaze Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS – Mr. Baer and Mr. Caporale. The motion passed.

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

COMMITTEE REPORTS

Community Services Committee

Library Board

Douglas Brown

The vote was: YEAS - 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. Brown, representing District 8, garnered the six votes required to serve as a member of the Library Board.

Governmental Committee

Lowcountry Regional Transportation Authority

Mr. Stewart, as Governmental Committee Chairman, nominated Mrs. Barbara Childs to serve as a member of the Lowcountry Regional Transportation Authority.

Natural Resources Committee

Planning Commission

Mr. Sommerville, as Natural Resources Committee Chairman, nominated Mr. Charles Brown, Comprehensive Plan planning area / Sheldon Township, to serve as a member of the Planning Commission.

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

CALL FOR EXECUTIVE SESSION

It was moved by Mr. Baer, seconded by Mr. Stewart, that Council go immediately into executive session for the purpose of receiving legal advice relating to proposed contractual arrangements and proposed purchase of property, development of security personnel and devices, and the employment of a person regulated by the County Council. The vote was: YEAS - 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.

EXECUTIVE SESSION

RECOVENE OF REGULAR SESSION

Land's End Plantation Development Corporation

It was moved by Mr. McBride, seconded by Mr. Caporale, that Council acquire a conservation easement on 231 acres of Land's End Plantation, St. Helena Island, in the amount of \$471,500. The vote was: YEAS - 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.

William and Joyce Crosby; Zeke Jordan

It was moved by Mr. Stewart, seconded by Mr. Sommerville, that Council approve two projects through the Rural and Critical Lands Program: (i) acquire a conservation easement on the 128 acre Grimble Hill tract, SC Highway 170, Bluffton Township, in the amount of \$640,000, and (ii) acquire a conservation easement on the 40 acre Crosby tract, SC Highway 170, Bluffton Township, in the amount of \$200,000.

The Chairman passed the gavel to the Vice Chairman in order to chair the meeting.

Mr. Newton stated this is a matter that involves a client of his law firm. Specifically, one of the attorney's in his law firm represents one of the sellers. He has excused myself from any discussion on this matter in executive session, is now going to remove himself from the dais, and recuse himself from any deliberation on this matter.

Mr. Newton instructed the Clerk to Council to prepare a written recusal notice on his behalf. He will submit the letter to Vice Chairman Sommerville for incorporation into the minutes.

Mr. Newton temporarily left the room.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. RECUSAL - Mr. Newton. (This matter involves a client of his law firm. Specifically, one of the attorney's in his law firm represents one of the sellers. Accordingly, he has excused himself from any discussion on this matter in executive session, removed himself from the dais, and recused himself from any deliberation on this matter. The motion passed.

Mr. Newton returned to the room.

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

217 Beach City Road, LLC

It was moved by Mr. Caporale, seconded by Ms. Von Harten, that Council approve the fee simple purchase, through the Rural and Critical Lands Preservation Program, of 1.79 acre parcel, 217 Beach City Road, Hilton Head Island, in the amount of \$257,600. Fifty percent of the funding will be provided by the Town of Hilton Head Island and the other 50% by the County.

This purchase is related to the Mitchelville project in that we now have protected front entrance to Fish Haul Park.

Mr. Newton remarked when this matter came up in executive session, he excused himself from discussion. As the public court records will reflect, Mr. Newton's involvement in the foreclosure case on behalf of a bank, and as a consequence of that foreclosure case involving, at least this property owner of this particular piece of property, he excused himself from the executive session discussion on this topic and will abstain from voting.

The Chairman passed the gavel to the Vice Chairman.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Flewelling, Mr. Glaze, Mr. McBride, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSTENTION - Mr. Newton. The motion passed.

PUBLIC COMMENT

Senator Tom Davis remarked he ordinarily would brief Mr. Stewart's Government Affairs Committee on matters concerning the Legislature in the County. This is something that is happened today, it is pretty important, and he wanted Council to be aware of some of the background because you may get questions on it in the days to come. It has to do with the Jasper Port. A lot is happening right now. A lot happened last Thursday; a lot happened today. The past four years the Savannah River Maritime Commission, which was created by statute, has been weighing in on the deepening in the Savannah River Harbor. There are members of DHEC, DNR, Attorney General's office, Governor's Office, and the reason this entity was formed, this Maritime Commission, back in 2007, was because it was recognized at that time by the General Assembly and by the Governor that the issue of Savannah River deepening did not just involve environmental matters, it involved economic matters, political matters, interstate relations, potential dividing up of the water, potable water, a lot of other issues so it was deemed to be important that the State speak with one voice in connection with those matters. For the past four years, Dean Moss, who you all know, has chaired the Savannah Maritime Commission, has had hundreds of thousands of dollars of expert studies done, raising concerns about their dredging project and, in particular, calling attention to the fact that a much less environmentally intrusive option was available in Jasper County. The Jasper County port site is about, well not about, but exactly 14 miles closer to the ocean than the Garden City Terminal in Savannah. Substantially less cost involved a lot more efficiency for ship turn-around and not as much environmental impact. The Maritime Commission had been making great progress in the last few months and really having the Georgia Port Authority come to the table, the Corps of Engineers come to the

table, and to try to put a specific timeline on the Jasper Port. The biggest impediment to which development has on ocean terminal is the fact that the Corps of Engineers still has a spoil easement on the 1,500 acre Jasper Port site. There is 10,000 acres of land out there in Jasper County and 1,500 acres is the port site and that was bought by the two-state Ports Authority several years ago. Senator David was in the Governor's office at that time and he was part of the delegation that went to Washington and got put into the Federal Water Resource Development Act, a directive that told the Corps of Engineers to release its easement on that 1,500 acres spoil site so that a port could go forward. There are several companies that want to invest several hundred million dollars in developing that port, but they can't do it so long as that easement is in place. That wrangling has been going on for the past two or three years and something, unfortunately, happened last week in that the Georgia Ports Authority went around the Maritime Commission, with whom it had been dealing, went directly to the full DHEC Board and asked them to certify the project. Asked DHEC to go ahead and certify their so-called, it is called a water quality permit; it requires a sign-off before they can go forward. DHEC staff had turned it down and denied it based largely upon the concerns that have been voiced by the Savannah Maritime Commission but the DHEC Board went ahead and unanimously approved it last Thursday which, quite frankly, is a stunning and crippling blow for any port happening in Jasper County. The project, which they essentially green-lighted, calls for the Jasper Port to be a spoil site until the year 2050 for the SHEP project. On its face, it completely disregards the congressional directive to release the easement on that site. Not only are they not releasing the easement on that site, but they are putting spoil on it for the next 40 years, whatever it is. Today, the Savannah River Maritime Commission met and, correctly, in Senator Davis' judgment, voted to declare that decision by the DHEC Board null and void in that the statute that was passed back in 2007 gave full power of the State to speak through this Savannah River Maritime Commission. Just so something like this would not happen. You could not go to the Attorney General or to DHEC or to DNR and try to play one agency against the other. Savannah River Maritime Commission said you have gone ahead and done the very thing that the General Assembly wanted to prohibit which is to have the State speak with one voice. As a result of all that there is likely to be a lawsuit filed tomorrow on behalf of the Savannah River Maritime Commission with the Attorney General of South Carolina representing it against DHEC. A lot of people, Bill Bethea, Dean Moss, himself included, Colden Battey, his law partner, have spent a lot of time getting us to a point where we thought we were going to get that easement released, development happening, a lot of progress was being made; that has all been thrown out the window right now because Georgia feels like it has gotten what it needs from South Carolina and is going to try to proceed on that basis. You are going to have a lot of information, maybe some inquiries and some discussions in the weeks ahead, but rather than you reading about it in the paper and wondering what the heck was going on, Senator Davis wanted to come up here tonight and tell you about it so that when you read the paper you understand what was going on here. It is extremely unfortunate, it should not have happened, it does not really reflect favorably upon us as a State to have two commissions arguing with each other but it is what it is. Senator Davis just wanted you all to hear it firsthand and to give you an opportunity to ask him any questions. He knows the hour is late and you probably want to get home but if there are any questions you want to ask now, he would be happy to answer them. If you do not want to ask them now, if you want to call him, he is happy to answer them. It is going to be something that we are all going to have to work through together in the weeks ahead.

Mr. Flewelling questioned if DHEC fully advised of their lack of a position, their lack of standing in this particular issue.

Senator Davis replied the DHEC Board met with Georgia Ports Authority officials and they worked out some sort of a compromise that they thought was acceptable which involves the placement of the speiss cones, oxygen. It is sort of like the thing you put in your fish tank to make sure there is oxygen in your fish tank but on a much more massive scale in the Savannah River. Apparently the agreement that was negotiated is that Georgia promises to put up enough money for the next 50 years to keep this aeration thing going and based on that, DHEC felt like it could then say okay, the concerns the State of South Carolina had in regard to this project have been met, and we are re now going to issue this certification, which is completely counter to what this Savannah River Maritime Commission has been doing the last four years. All the research and all the studies and all the money that has been spent, it is just incredibly frustrating. He knows the members here had support the Jasper Port. We all realize that it is probably the single biggest game changer that could be for our region if we get it developed. There is no reason whatsoever that you have to dredge another 14 miles upstream when you have a site right there that is less environmentally impacted, less dredging involved, closer to the ocean and you have got private companies that have said they are willing to put up some several hundred million dollars to develop this. Senator Davis does not know why we cannot get out of our own way to make this happen. It is embarrassing to him, but anyway that is what it is. He wants to answer any questions you might have about it.

Mr. Rodman stated we have recently appointed a new DHEC Board that disregarded with the staff recommendations and did something on their own. Is that what happened?

Senator Davis replied it is. DHEC has a representative on the Maritime Commission so it knows the work that has been done, it knows it spent upwards of several hundred thousand dollars in studies and filing in connection with SHEP project (the Savannah Harbor Expansion Project). You have the Commission members, who have been working on this for years, in many instances trumped by Board members that have been involved in this for a few weeks. He does not really have a better explanation for it other than to tell you that the Commission met in an emergency session today and unanimously decided to declare what DHEC did null and void. The Attorney General is going to be representing the Commission. We are faced with the unsavory prospect of having one State agency suing another. So you have it.

Ms. Von Harten inquired of the meaning, “our relationship with Georgia and the Georgia Ports Authority”?

Senator Davis replied in regard to negotiating with them, he has been involved with this for five years. Jasper Ocean Terminal Joint Project Office, which is what Bill Bethea serves on, they have spent several million dollars the last three years doing all the permitting, doing all the studies, doing everything that is going to be necessary to file the application for a port permit when that time comes. Quite frankly, when the environmental impact statement came out from the Georgia Ports Authority Corps of Engineers, that called for the Jasper Port site to be used as a dump site for the next 40 years despite what Congress had said, despite what the Bi-State

Agreement between the two states had said, despite what all the discussions between the parties have said, he has very little faith right now in their position in this matter.

Mr. Newton questioned if it specifically called for the dumping on that particular 1500 acres?

Senator Davis replied in the affirmative. The incredible thing is, Georgia, over the last 56 years acquired about 10,000 acres on the South Carolina side and a 1,500 acre portion of it was conveyed to the two Port Authorities and designated for port development and that 1,500 acres was then targeted by Congress saying to the Corps of Engineers, release the spoilage on the 1,500 acres. It specifically takes the spoil from dredging the Savannah River and dumps it on that 1,500 acres. Not the 8,500 acres, but that 1,500 acres.

Mr. Newton asked, “The DHEC Board approved that”?

Senator Davis replied the DHEC Board issued a certification that is necessary for them to move forward with their project. They didn’t actually sanction

Mr. Newton asked, “Was their certification predicated on an application that specifically reflected that project.”

Senator Davis replied in the affirmed. The technical argument he guesses DHEC is making is that -- well sure the General Assembly formed this Commission and yes, they did say its charged with plenary power of the State in regard to all matters concerning the Savannah River deepening. But we think we still have the right to weigh in on this particular water quality certification so they are taking the position that they still have the authority. One of three actions is going to be taken, if not all three: the first will be an appeal of the DHEC Board decision to the Administrative Law Court. The question becomes does the Commission have standing to appeal that decision. Senator Davis does not know the answer to that. The second would be to seek a writ of prohibition against the DHEC executive director from formally issuing the certification. In other words not a writ of mandamus to compel an action but a writ of prohibition to prevent an action. The argument there being they acted ultra vires. They did not have the authority to weigh in on this matter. And then the last issue would be a declaratory judgment action in the State Court as to when this commission was formed back in 2007, did it in fact get all plenary power of the State in regard to these matters or was there some permitting power retained by DHEC.

Mr. Caporale asked, “Who appointed those Board members? Can they be removed”?

Senator Davis replied the Board members are appointed by the Governor with the advice and consent of the Senate. Once they are appointed, they are a protected position and they are not at will as other agency members are. They are not removable unless for cause. Cause in that sense meaning fraud or breaking the law, not necessarily a policy decision.

Mr. Caporale commented being from up north (anywhere north of Baltimore), there could only be one explanation for this kind of a situation.

Senator Davis said he has made a couple of comments on this today. He was working on a statement and has tried to focus exactly on the language of the statute, all the work that the Commission has been doing, the progress that was made and the frustrating thing is we were about there. We were about there to establish timelines in regard to Jasper coming on board, in regard to the easement being lifted which would allowed us to issue RFP's to private companies come in and bid. It's extremely frustrating. He feels like Charlie Brown trying to kick the football; every time you get close, Lucy pulls it away.

Mr. Caporale remarked somebody found a way to do it. This somebody that found a way was an internal person, someone who is supposed to be on the team.

Senator Davis replied he does not know. In the weeks ahead and that is one of the reasons he wanted to talk to Council. Council is going to see a lot of speculation on motives, a lot of talk about what the powers of the groups are. He wanted Council to have a brief outline of exactly what the issue is. He is sorry about the conundrum that you all are placed in with the magistrates. That is a no win for Council. Council got less and less money and you got more and more demands put on you. For what it is worth, he thought Council handled that really well.

ADJOURNMENT

Council adjourned at 9:45 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST _____
Suzanne M. Rainey, Clerk to Council

Ratified: January 9, 2012

COUNTY COUNCIL OF BEAUFORT COUNTY

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WM. WESTON J. NEWTON
CHAIRMAN

D. PAUL SOMMERVILLE
VICE CHAIRMAN

COUNCIL MEMBERS

STEVEN M. BAER
RICK CAPORALE
GERALD DAWSON
BRIAN E. FLEWELLING
HERBERT N. GLAZE
WILLIAM L. McBRIDE
STEWART H. RODMAN
GERALD W. STEWART
LAURA VON HARTEN

GARY KUBIC
COUNTY ADMINISTRATOR

BRYAN J. HILL
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA COUNTY COUNCIL OF BEAUFORT COUNTY Monday, November 28, 2011 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.

1. CAUCUS - 4:00 P.M.
Discussion is not limited to agenda items.
Executive Conference Room, Administration Building
2. REGULAR MEETING - 5:00 P.M.
Council Chambers, Administration Building
3. CALL TO ORDER
4. PLEDGE OF ALLEGIANCE
5. INVOCATION
6. PROCLAMATION
 - A. Students Against Destructive Decisions Club (SADD)
Kris Ayers and Aja Shell, SADD Board of Directors, Battery Creek High School
7. PUBLIC COMMENT
8. COUNTY ADMINISTRATOR'S REPORT
Mr. Gary Kubic, County Administrator
 - A. The County Channel / Broadcast Update
 - B. Two-Week Progress Report
 - C. Resolution Appointing Beaufort County as a Qualified Local Public Agency / (Phases VI and VII / US 278 (a))
 - D. Resolution Approving Amendment of the By-Laws of Lowcountry Economic Alliance, Inc.
 - E. Beaufort Tourism Video
Mrs. Blakely Williams, Beaufort Regional Chamber's President and CEO

Over



9. DEPUTY COUNTY ADMINISTRATOR'S REPORT

Mr. Bryan Hill, Deputy, County Administrator

A. Two-Week Progress Report

B. Job Search / Parks and Leisure Services and Animal Shelter and Control Directors

C. General Fund Expenditure Analysis (July 1, 2011 – October 31 2011)

D. Construction Project Updates

Mr. Rob McFee, Division-Director Engineering and Infrastructure

One Cent Sales Tax Referendum Projects:

New Bridge over Beaufort River / U.S. 21 / S.C. 802 Construction Project

U.S. Highway 278 Construction Project

S.C. Highway 802 Roadway Construction Project

Capital Improvement Projects:

Disabilities and Special Needs Adult Day Care Center

St. Helena Island Branch Library at Penn Center

E. Update / Master Plans Beaufort County (Lady's Island) and Hilton Head Island Airports

Mr. Paul Andres, Airports Director

10. CONSENT AGENDA – ITEMS A THROUGH B

A. AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN EASEMENT ENCUMBERING PROPERTY OWNED JOINTLY BY BEAUFORT COUNTY AND THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

1. Consideration of second reading approval to occur November 28, 2011

2. Public hearing to be held Monday, December 12, 2011 beginning at 6:00 p.m. in Council Chambers of the Administration Building, Government Center, 100 Ribaut Road, Beaufort

3. First reading approval occurred November 14, 2011 / Vote 11:0

4. Public Facilities Committee discussion and recommendation to approve occurred October 25, 2011 / Vote 5:0

B. AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, WITH APPROPRIATE SERIES DESIGNATIONS, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY-AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO

1. Consideration of second reading to occur November 28, 2011

2. Special County Council Meeting to be held Monday, December 5, 2011 beginning at 5:00 p.m. in Council Chambers of the Administration Building, Government Center, 100 Ribaut Road, Beaufort

a. Public Hearing

b. Consideration of third and final reading

3. First reading approval occurred November 14, 2011 / Vote 9:2

11. PUBLIC HEARING

A. AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO

1. Consideration of third and final reading to occur November 28, 2011
2. Second reading approval occur November 14, 2011 / Vote 10:1
3. First reading approval occurred October 24, 2011 / Vote 11:0
4. Finance Committee discussion and recommendation of borrowing amount occurred October 10, 2011 /Vote 8:0
5. Natural Resources Committee discussion and recommendation to proceed with referendum October 3, 2011 / Vote 7:0

12. COMMITTEE REPORTS

13. PUBLIC COMMENT

14. EXECUTIVE SESSION

- A. Discussion of employment of a person regulated by County Council
- B. Discussion of negotiations incident to proposed contractual arrangements and proposed purchase of property

15. ADJOURNMENT

Official Proceedings
County Council of Beaufort County
November 28, 2011

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

CAUCUS

A caucus of the County Council of Beaufort County was held at 4:00 p.m. on Monday, November 28, 2011 in the Executive Conference Room 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, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten. Brian Flewelling absent.

DISCUSSION ITEMS

Topics discussed during the caucus included: (i) the lack of any kind of good view of what is happening on the one percent road projects. (ii) A request for more information on the capital improvement program and its impact on the millage. (iii) The establishment of a fund transfer policy. (iv) The establishment of a reserve transfer policy. (iv) The \$377,000 the County paid for a water line in the Beaufort Commerce Park as part of some sort of agreement for a developer to build or occupy a building there. (v) The possibility of extending the one percent sales tax. (vi) The possibility of locating the Lowcountry Estuarium at the former Lemon Island Marina. (vii) A request to receive the Essential vs. Non-Essential Report by December 15, 2011. (viii) Status of the penny sales tax expenditure report. (ix) Board of Education Chairman Fred Washington's letter with regard to millage calculation in the past, millage calculation in the future, student population count with the New River TIF, and calculation at anticipated reassessment. (x) A request to schedule a date for a joint meeting of County Council and Beaufort City Council for the purpose of discussing the proposed Beaufort County (Lady's Island) Airport Master Plan. (xi) Status of the County's responsibility to have a January 21 republican primary, (xii) A Beaufort City Council invitation to County Council to discuss their vision of the Boundary Street Corridor Project. (xiii) Status of the Redistricting Plan submission to the US Department of Justice. (xiv) Proposed by-laws of the Lowcountry Economic Alliance. (xv) School District fiscal autonomy.

REGULAR MEETING

The regularly scheduled meeting of the County Council of Beaufort County was held at 5:00 p.m. 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, Herbert Glaze, William McBride, Stu Rodman, Gerald Stewart and Laura Von Harten. Brian Flewelling absent.

PLEDGE OF ALLEGIANCE

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

INVOCATION

Councilman Herbert Glaze gave the invocation.

PROCLAMATION

Students Against Destructive Decisions Club (SADD)

The Chairman proclaimed November 30, 2011 as Students Against Destructive Decisions Day and called upon citizens of Beaufort County to observe this day with activities and programs honoring SADD, its mission, and the youth of the community that participate in its programs. Kris Ayers and Aja Shell Board of Directors, Battery Creek SADD Club accepted the proclamation.

PUBLIC COMMENT

The Chairman recognized Ms. Helen Daise, a resident of St. Helena Island, who stated she is before Council tonight to ask that it do the right thing and refund wrongful taxes she paid to Beaufort County from 1989 to 2009 on property she did not own. She bought five acres of land in 1963 and was paying taxes on five acres until 1989 when the County changed her acreage to 6.37 acres and said that the tax map showed her property as being located on the northern and southern side of US Highway 21 on St. Helena Island. In 2007, she had a survey done by Christian Carr and a plat showed that her property was located on the northern and southern side of US Highway 21 also. The surveyor said he surveyed what was shown on the County GIS map. The survey plat showed that she had 4.67 acres on the southern side and 2.67 acres on the northern side of the highway. In 2008 she received two tax bills. One for 4.67 acres located on the southern side of US Highway 21 and one for 2.67 acres located on the northern side of US Highway 21. She deeded the 4.67 acres to her granddaughter in August 2008 who paid the taxes on that portion. She paid on the taxes on the 2.67 acres located on the northern side of the highway in 2008. In 2009, she deeded it to my son, Danny Daise and grandson, Terrance Chaplin, and they paid the taxes in 2009. In 2010, her son and grandson were summoned to Court by the heirs of Matilda Singleton who were clearing the title on their property. Her son hired an attorney and was told that a title research showed that her deed called for five acres and it placed her property only on the southern side of US Highway 21 and not on both sides like the County map showed in 1989. She requested a refund of the County Assessor in April of this year

and was denied in September. Now, she is asking Council to refund her overpayment of taxes that she paid since 1989 based on a County error. She never told the County that she owned property on the northern side of US Highway 21. They told her that she owned it and that is why she was being charged for it. The County should go back and charge the rightful owner now that they know who they are. She thinks it is wrong for the assessor, the treasurer, and the auditor to say that she should get her money from the rightful owners. She paid her taxes to Beaufort County each year they sent a bill to her. Not once did she pay taxes to the heirs of Matilda Singleton.

Ms. Von Harten asked if this is something we can refer to the assessor and find out some more information from him.

Mr. Newton said that the survey was done by Neil Christian's son in 2007. It appears that the taxpayer had that survey done and then recorded it which would be evidence of ownership of that property and the tax office does not make determinations as to who owns property, the public records actually does that. There is more information that would be necessary to fully understand it. Mr. Kubic was asked to contact Ms. Daise and see what information she has and talk to the assessor's office about that.

Mr. McBride asked the County Administrator to give Council an update as a result of what action was taken on this matter.

Mr. Newton asked the County Administrator to investigate the matter and assemble the data. Regarding the refund request, procedurally, this is a matter that may need to go through the committee process to ask for a refund of the amount after the research has been done if that's determined to be capable of being appropriately handled.

Mr. Kubic commented this issue has several moving parts going on simultaneously and if any portion or all of the property in question is heirs' property, then we have to look at what the statute provides in terms of the assessor providing boundaries for purposes of taxation because those people, who live on that property, are receiving governmental services. We will be glad to go back and conduct all the research that is required in order to make a determination, but we cannot determine taxes and possible refunds. But it is important to know that oftentimes when you are dealing with heirs' property there is a possibility of some confusion by individuals who believe they own the property as a result of receiving a tax bill. Tax bills are not forms of ownership and the law in heirs' property requires the assessor to make a reasonable determination of boundary for purposes of taxation to generate a bill because those individuals are receiving governmental services. Oftentimes that receipt of the tax bill is converted, rightly so, in the individual gaining an impression of ownership predicated on a tax bill. That is not true. In heirs' property, as you know, a declaration of any descendancy, may have a right to that property, has a right to declare a portion of ownership. We don't do that. As she indicated, she did the right steps, it seems to Mr. Kubic, by first getting a survey; and, now we know that there was a declaration of ownership by a descendant, we need to distinguish then who owns what and then that determination has to be made through a court of law in terms of property rights. We cannot make that determination. We would be glad to look at the possibility of refund as the

Chairman indicated but we cannot get involved in purposes of declaring who owns what portion of the property.

Mr. McBride remarked the request is for the refund he paid for property that he did not own. That was the request that came before us today.

Mr. Kubic replied the reason why that occurs is what he explained. For purposes of generating a tax bill, the assessor's office creates and has the right by law to create boundaries or declarations of acreage to generate a bill. We will be glad to look at that. The first step is a survey has to be conducted to determine what those dimensions are geographically. That appears to have been done. We need to confirm that. But what happens is happens most of the time is when we get into trying to determine who owns what if that property originally was heirs' property then what we're looking at is a decision made based on whether or not it was a reasonable declaration by the assessor's office to determine those boundaries which generated the tax bill which he paid.

Mr. Glaze recalled a John Doe situation several years back in his district. Would there be any kind of receipt / check that they paid? He is pretty familiar with heirs' property and how it works. If someone is paying it for all these years and we can trace a single check or money order from that individual could we then channel the money to that individual and let them disburse it as need be?

Mr. Kubic gave the example about a generic piece of property that is roughly ten acres. Since there is no deed or fee simple deed to any particular owner because it is heirs' property, state statute provides that the assessor can reasonably determine for purposes of generating a tax bill only because those individuals who live on that property are receiving ambulance services, sheriff services, and have to pay taxes, if you cannot determine the ownership of the property because of heirs and because there is no actual deed that is clear and non-encumbered by any potential declaration, then the assessor's office over the years established these lines for purposes of generating the tax bill. So what we have to do is to go back and determine whether or not that was reasonable. And in the case that you're referring to those individuals were out of Atlanta, they went through a survey, they paid for a survey, they paid for legal services to determine a clear title and they went through the legal process. We did not help them in that process but once we had that determination we compared the actual ownership to the determination of the assessor's office over the years and then generated a refund. So it is possible.

Mr. Newton said if its determined in the research that this lawsuit is either pending or has been concluded that somebody else is determined to be the rightful owner of the property, then, perhaps, within the applicable statute of limitations among the remedies that the County has is to tax that owner of the property having been determined now by the courts if that case is closed and understand whether you can process a refund for that corresponding period of time.

Mr. Kubic replied it is a civil matter and the determination is whether or not the County has standing to go and ask for the money to be returned. You can declare it in another way. You can declare it as a moral obligation. You can pass an ordinance and say that this was a moral, is a moral obligation and that the party paid and as declaration that we feel we have a duty to restore then you pass an ordinance which is what we did in Councilman Glaze's district.

Mr. William Kinsey, a Beaufort City resident, stated he coaches various sports for Parks and Leisure Services (PALS). He asked that Council please hire a director of PALS, someone who is going to run the organization the way it should be run for the benefit of our children. We have an interim director right now, but let's get a permanent director. He does not know if the County is trying to save a little bit of money, but let's get a permanent director, who is going to run it, make decisions, and not have haphazard decisions made by various personnel who are suppose to be running the department.

COUNTY ADMINISTRATOR'S REPORT

The County Channel

Mr. Gary Kubic, County Administrator, announced The County Channel covered the Joe Frasier Memorial Ceremony from Waterfront Park on Wednesday, November 16. This event was well attended and was rebroadcast on The County Channel.

The County Channel was on hand to cover the opening of the new span of the McTeer Bridge. The dedication took place on November 18. We are rebroadcasting it on The County Channel.

Two-Week Progress Report

Mr. Kubic presented his Two-Week Progress Report, which summarized his activities from November 14, 2011 through November 25, 2011.

Resolution Appointing Beaufort County as a Qualified Local Public Agency / (Phases VI and VII / US 278 (a))

It was moved by Mr. Stewart, seconded by Mr. Glaze, that Council adopt a resolution expressing its desire to be designated as the Qualified Local Public Agency and agreeing to comply with all applicable federal law, including the rules and regulations of the Federal Highway Administration, all applicable state law and rules and regulations associated therewith, and authorizing the Beaufort County Administrator to execute all documents as may be necessary to appoint Beaufort County as a qualified local public agency. The vote was: YEAS – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Flewelling. The motion passed.

Resolution Approving Amendment of the Bylaws of Lowcountry Economic Alliance, Inc.

It was moved by Mr. Stewart, as Governmental Committee Chairman (no second required), that Council adopt a resolution approving amendment of the bylaws of the Lowcountry Economic Alliance so that the bylaws, as amended, shall read in their entirety in the form as set forth in Exhibit A.

Mr. Baer stated the bylaws are a good start, but based on observation of the Lowcountry Economic Network (LEN) over several years, he has the following concerns: (i) Article V, Section 5.1.6. Since the Lowcountry Economic Alliance (LEA) may engage in requesting action from, or lobbying public bodies in certain directions, the written disclosure of potential conflicts of interests should be made to those public bodies as well. (ii) Article XIII, Section 13.4. While a yearly audit is required, there also need to be standard reports available to funders (at least twice per year) showing results and how all funds were used, e.g.: marketing, travel, incentives, salaries, internal administration, etc. (iii) It is good that local businesses support this and are a strong part of it. But, the LEA Board sets funding levels, and Section 12.1 indicates that, based on population data, the major public funder will be Beaufort County. Section 12.2 indicates that the voting rights of any member may be suspended for failing to comply with the funding requirements sets by the bylaws and established by the Board. Hence Beaufort County taxpayers will be the major public funder, and may be the major total funder, yet have only a minimal say in affairs, including the determination of their own charges. That is like the UN, where the US pays a large share of costs and has minimal say. Mr. Baer could see taxpayers having 1/30 of the say and paying 2/30 of the costs. But the way this is heading, taxpayers may have 1/30 or less of the say and pay over half the costs. It is good that private enterprise runs this. But they should also then proportionally fund it. The decisions they make using their own money are likely to be much better than the decisions made using someone else's (taxpayer's) seemingly less painful money. These are easy changes to make. One and two are just good management practice. If funding is going to be discussed later, than Bylaws Section 12 (funding) should be removed at this time.

The vote was: YEAS – Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS – Mr. Baer. ABSENT – Mr. Flewelling. The motion passed.

Beaufort Tourism Video

Mrs. Blakely Williams, Beaufort Regional Chamber's President and CEO, announced the Beaufort Regional Chamber of Commerce will release Tuesday on its website a video designed to provide viewers a preview of the Beaufort region -- downtown Beaufort, Hunting Island, and Penn Center. Council viewed the two-minute video.

County Responsibility to Have a January 21 Republican Primary

Mr. Kubic, County Administrator, stated Beaufort County, as a member, a party to the litigation involving the question of County responsibility to have a January 21 Republican Primary and the costs that are born as an unfunded mandate to the Counties, a 3:2 decision by the South Carolina Supreme Court was rendered. He has asked Attorney Gruber of our Law Department to set up and discuss the decision and some of the effects and we do have members of the Voter Registration aboard, as well as Scott Marshall here to answer any other questions that you may have that would impact Beaufort County, its budget, and the voting process.

Mr. Josh Gruber, staff attorney, stated that some of you may be aware late in the evening on November 22, 2011 the Supreme Court issued their opinion in the case against the State

Elections Commission regarding the conducting and authorization of the 2012 Presidential Preference Primary. Chief Justice Toal, Justice Pleicones, and Justice Kittredge voted in the majority. Justice Hearn and Justice Beatty descended in an excellently crafted opinion. If you have a chance to read it, it really does embrace all the arguments that at least the Counties had and the Court, we had wished, would have focused a little bit more on. In the majority opinion, out of the number of issues that were before the Court, they decided to focus on two. The first being that the two budget provisos that were adopted at the last budget cycle resurrected a session of State statute that was initially drafted for the 2008 Presidential Preference Primary and they have interpreted the adoption of the budget provisos as resurrecting and carrying on that statutory section thus obligating and mandating the County to conduct the Presidential Preference Primary. One of the things that they did focus on when making that decision is that that statute does provide that the Counties are encouraged to cut costs through the use of combining polling places and other means necessary in order to save money when conducting the Presidential Preference Primary. Additionally, the Court has also focused on the language that the other provisions of Article 7 are suspended so that the rules regarding the number of mandatory poll workers, the numbers and the like are suspended when conducting the Presidential Preference Primary. The second issue that the Court focused on was the sufficiency of the funds that have been appropriated in order to conduct the Presidential Preference Primary. In examining that issue, the Court determined that it was a political issue which in legal terms means they will not jump into the political arena, they will not second guess a political action that has been done by the General Assembly thus the \$680,000 that has approximately been appropriated will remain in place with the Court not taking up that issue and ruling whether that is a sufficient, not sufficient or more importantly the Counties would have preferred they take up the issue whether there was within the authority to have the Counties pick up the difference but they ruled that they would not issue an opinion on that question of law. I know Scott is here this evening, as well as members of the Board, if you have any questions, I know that they're going to be presenting different scenarios at their next Board meeting to discuss how they are going to go forward and conduct the Presidential Preference Primary in light of the Courts recent decision that's been granted. If you have questions regarding that, I could direct you to ask them of Scott. But if you have any questions about the legal opinion itself from the Supreme Court, its ramifications or any other kind of procedural issues.

Ms. Von Harten inquired if it would be legal to have one polling place for all of Beaufort County?

Mr. Gruber replied in theory, when we discussed it amongst the attorneys in reviewing this decision, that that probably would be a legal standard whether it would be in the best interest of the County to actually do that might be another decision.

Mr. Caporale asked is this the end of our legal recourse then?

Mr. Gruber replied the County, any one of the four counties that are named parties to this action are entitled to file a motion for reconsideration within 15 days that would place that deadline at this coming Friday. He does not know that that issue has been exhausted at this point. He knows what has been discussed is that all of the counsels, as well as the outside counsel, that was hired to represent the cumulative group, are all of the opinion that it would be highly unlikely for

the Supreme Court to reverse themselves given the position that they have publicly took on this matter.

Mr. Caporale inquired of projected cost of the primary.

Mr. Scott Marshall, Elections / Voters Registration Director, stated the cost will vary depending upon which scenario the Board of Elections (Board) chooses to go with as it relates to combining polling locations. They will be presented at their meeting on Wednesday with a variety of choices to include major consolidation to three or four polling places around the County to as many as the number of polling places we have during a general election and there will be several options in between that they could choose from. So the cost will vary widely. As you know, or may not know, the majority of the expense when you conduct an election is the poll worker cost. So they will be presented all this.

Mr. Gruber commented the County's legal counsel is in contact with the State Elections Commission right now. We are trying to determine of the State appropriations, that \$680,000, how much of it actually would come to Beaufort County because I think that will help give us an idea of how much we have to work with and can base some of those plans around the anticipated reimbursements at this time.

Mr. Marshall stated he will have an idea Wednesday of which option the Board chooses. He may or may not have an idea of what kind of money may be available to us at that time. Right now there are two things going on with regard to our legal process. One is our attorneys are contacting the Republican party to find out if and how much they intend to put up for the Primary and they are also, simultaneously, contacting the State Election Commission to ask the same questions. He spoke with the State Election Commission Director this morning to find out how much we were going to be allotted for reimbursement for poll managers so we could start doing some calculating. The answer he got was not definitive and the reason it was not definitive was that the State also is having a conversation according to the State Election Director with the Republican Party to ask them the same questions. Whether we will have an answer by Wednesday or not, he does not know. He does, however, anticipate by the end of the week we will know more about what kind of money will be available to us.

Mr. Baer commented Beaufort County population is about 160,000, the State is about 4 million so we are about 4% of the population. If they allocated by person, then of the \$680,000, we would get about \$25,000, if they calculated it by population. How much did the election cost us in the past?

Mr. Marshall replied \$204,000 in 2008. He anticipates, if we run a county-wide election and we do not consolidate polling locations, the cost to the County is approximately \$120,000.

Mr. Newton asked is that \$120,000 after a State reimbursement?

Mr. Marshall replied that is \$120,000 total for two primaries. He anticipates we would get approximately, if it was handled like a general election, approximately \$60,000 to \$70,000 of that back. Therefore, we are on the hook for approximately \$50,000.

Mr. Baer stated if they would give us \$60,000 is that half of our cost? How do they determine that?

Mr. Small replied they give an allowance to each County for the number of poll managers that they will allow you to be reimbursed for. That is the bulk of the money. They also reimburse for advertising for public notices up to a certain amount. If we want to advertise in more than one paper, then we bear the cost of that second paper or third paper. There are a variety of expenses which they reimburse. There are some expenses for which they never reimburse, and we do not expect to be reimbursed for this time.

Mr. Newton asked is the primary expense the poll managers.

Mr. Marshall agreed in the affirmative. That is the bulk of the expense.

Mr. Newton asked has the South Carolina Election Commission issued any pronouncements following the decision.

Mr. Marshall stated they have not. He anticipates by the end of the week we will know something a little clearer with regard to how much money we will expect to be reimbursed for poll managers.

Mr. Newton asked who decides the number of poll managers you have in each polling place during a general election.

Mr. Marshall replied the local Board of Elections and Registration collectively. They are presented with a plan for poll managers, knowing full well what we get reimbursed from the State. We know that there probably will be a delta because we like to have a quality election for the citizens of Beaufort County, they deserve that and so, ordinarily, we will pick up some of that tab but in a general election and a June Primary, we would expect to pick up part of that tab because we're installing Beaufort County officers in Beaufort County offices. This is different. We're not doing that this time.

Mr. Newton commented you begin to get into considerations of convenience to the citizens of Beaufort County. Despite what the State has or has not done and that we are re required to hold the election, yet the citizens who are paying the tax bill, are not going to be very pleased if we ask them to drive half-way across the County to come to a consolidated polling place to be able vote.

Mr. Marshall said given that the Court has ruled that Section 7-11(b).2 applies to this Primary as Attorney Gruber has pointed out while that applies it also at the same time suspends most of the other requirements under Title 7 to include number of poll managers. There is also Section 7-11-20(b)2 which directs counties to institute cost saving measures so it then makes it non-optional to try to run an economic election. It really puts the Boards of Election across the State between a rock and a hard place because we are re working hard to provide the voters with a process that they know has integrity and they know following the South Carolina Elections Commission

motto, Every Vote Matters, Every Vote Counts, we want the voters to feel that way when they come to the polls and when they leave the polls. When we are directed to combine polling locations that confuses voters. We may advertise it well before the Preference Primary but a few months later in the June Primary, they get confused as to where they should vote. That is what we would like to avoid but will not be able to completely because of the directive to combine polling locations.

Mr. Newton asked is it a directive to combine polling locations or an authorization? Can you reduce the number of poll managers?

Mr. Marshall it is a directive under Section 7-11-20(b)2. The Court has ruled that that is a valid law and that does direct us to institute cost saving measures.

Mr. Gruber commented what the statute says is that the State Election Commission and the authorities responsible for conducting the elections in each County shall provide for cost effective measures in conducting the Presidential Preference Primaries including but not limited to combining polling places while ensuring that voters have adequate notice and access to the polling places.

Mr. Marshall said you can reduce the number of poll to a point. He would not recommend going to fewer than four poll managers per location because of the duties each poll manager has.

Mr. Newton asked could you operate the same number of polling locations you currently operate, just as in a general election, but reduce the number of poll managers at each. Or does this court order say you do not have a choice, and you must combine polling locations regardless of what else you do, you have got to combine polling locations.

Mr. Marshall's interpretation is you must combine polling locations where possible.

Mr. Baer inquired as to the polling locations, the number of polling managers, the number of poll managers required at each location, and their pay.

Mr. Marshall replied there are 240 polling manager. There are 60 physical polling locations in addition to the two fail-safe precincts. No fewer than four per polling managers is required at each location. There is a clerk assigned to each precinct. A clerk is paid \$180 and a poll manager \$120. Every poll manager is expected to work 12 hours at the poll on Election Day.

Mr. Baer thinks that reducing 60 polling locations to some reasonable number like 10 or 15 would not inconvenience our citizens. It might create some confusion with other elections but it should not.

Mr. Newton summarized the county should anticipate a \$50,000 expenditure if you operated every poll in the County.

Mr. Rodman remarked given that it is political and we have two parties basically, do you have the option to have the political bodies have some volunteers to help without compromising the election?

Mr. Marshall replied that certainly is an option in this case since most of Title 7 is suspended to include how poll managers should train. Of course, we would like to have trained poll managers because, again, we want it to be a process that the voters believe has a lot of integrity which it should.

PUBLIC HEARING

AN ORDINANCE AUTHORIZING THE PLACEMENT OF A QUESTION ON THE OFFICIAL BALLOT FOR THE GENERAL ELECTION TO BE CONDUCTED NOVEMBER 6, 2012, CONCERNING A PROPOSITION AUTHORIZING BEAUFORT COUNTY TO ISSUE GENERAL OBLIGATION BONDS TO ACQUIRE LANDS FOR PRESERVATION AND TO PAY CERTAIN COSTS AND DEBT SERVICE RELATED THERETO

The Chairman opened a public hearing beginning at 6:02 p.m. for the purpose of receiving information from the public on an ordinance authorizing the placement of a question on the official ballot for the general election to be conducted November 6, 2012, concerning a proposition authorizing Beaufort County to issue general obligation bonds to acquire lands for preservation and to pay certain costs and debt service related thereto. After calling once for public comment the Chairman recognized Mr. Steve Eames, South Coast Director of the Coastal Conservation League, who stated the organization has been supporting the Rural and Critical Lands Program since 2002. In 1990-1996, in preparation for the then comprehensive planning process, a questionnaire was sent to County residents. One of the key questions was, "What was the most important issue to be addressed in Beaufort County"? Sixty-five percent of respondents said that maintaining the natural beauty was the most important thing and that trumped 13 other issues including traffic and taxes. Times have changed though. In response to this, the community developed and obviously supported the Rural and Critical Lands Program. We also acknowledge that with the current fiscal environment making our continued support to the Rural and Critical Lands Program conditional on a business plan that maximizes the use of monies in difficult times and minimizes waste. We encourage the continued emphasis on conservation easements and the purchase of development rights. As we now consider another bonding authority for the program, Beaufort County residents have the opportunity to vote again on how valuable this effort and how effective it can be in protecting the natural beauty of our region. He encouraged Council approval for putting a bond referendum on the 2012 ballot.

After calling twice more for public comment and receiving none, the Chairman declared the hearing closed at 6:06 p.m.

It was moved by Mr. Sommerville, as Natural Resources Committee Chairman (no second required), that Council approve on third and final reading an ordinance authorizing the placement of a question on the official ballot for the general election to be conducted November 6, 2012, concerning a proposition authorizing Beaufort County to issue general obligation bonds to

acquire lands for preservation and to pay certain costs and debt service related thereto. The vote was: YEAS – Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Flewelling. The motion passed.

DEPUTY COUNTY ADMINISTRATOR'S REPORT

Two-Week Progress Report

Mr. Bryan Hill, Deputy County Administrator, presented his Two-Week Progress Report, which summarized his activities from November 14, 2011 through November 25, 2011.

Job Search / Parks and Leisure Services and Animal Shelter and Control Directors

Mr. Bryan Hill, Deputy County Administrator, reported the County is in the process of filling several key positions. The first position is the Auditor's accountant. That position opened on September 30, 2011. Twenty-four applications were received and submitted four to the Auditor for her review. The Finance Team is available to assist the Auditor in reviewing, interviewing or helping her through the process.

Regarding the Parks and Leisure Services (PALS) Director position, the County is presently in a statewide and nationwide search. Thirty-seven applications were received of which 20 meet the minimum standards. Mr. Kubic has crafted a search committee and the members should hold its first meeting next week. The salary range is \$55,000 to \$75,000.

The third search involves the Animal Control Director position. Ms. Toni Lytton has submitted her resignation effective December 31, 2011. Mr. Hill thanked Ms. Lytton for her years of service to Beaufort County government. The position search opened November 14, 2011. The County has received six applications of which three meet the minimum requirements. This is also a national, state and local search. The salary range is \$60,000 to \$80,000.

Mr. Kubic is looking for an individual who can create recreational programs, not just a manager of sports program. He wants to incorporate new ventures in our parks for our disabled children, learning programs, and coordinating educational afterschool programs in conjunction with the School District. He is looking for a qualified individual who has broad-based experience. Typically, we focus in on the most active programs – football, baseball, soccer. We have been deficient over the years and not engaging the other portion of our population who may have those types of abilities. He has a strong desire to seek an educational component that blends in with the public

General Fund Expenditure Analysis (July 1, 2011 – October 31, 2011)

Mr. Bryan Hill, Deputy County Administrator, submitted the general fund expenditure analysis report for the period July 1, 2011 – October 31, 2011.

Construction Project Updates

US Highway 278 Roadway Construction

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project involves widening of a total of 4.8 miles of US Highway 278 including the bridges over the Okatie River. The contractor is APAC Southeast of Savannah, Georgia. The cost is \$23,637,119. The contract completion date is November 2013. The contractor is working on erosion control items and mobilization.

New Bridge over Beaufort River / U.S. 21 / S.C. 802 Construction Project

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported the new bridge over the Beaufort River will be a 4,200-foot bridge. The contractor is United Contractors, Inc. of Great Falls, South Carolina. The cost is \$34,573,368. The completion date is August 27, 2011. The opening ceremony was held on November 18, 2011.

S.C. Highway 802 Roadway Construction Project

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project involves the widening of 5.2 miles of S.C. Highway 802 (two sections). The contractor is Sanders Bros. of Charleston, South Carolina. The cost is \$10,852,393. The completion date was December 2010. The contractor is working on traffic markings and punch list items.

Bluffton Parkway Phase 5A Roadway

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project involves construction of 2.31 miles of new four lane divided highway between Burnt Church Road and Buckingham Plantation Road. The contractor is Cleland Construction of Ridgeland, South Carolina. The cost is \$11,578,729. The contract completion date is July 2012. Placement of curb and gutter is 90% complete. Base course is underway. Paving of mainline is underway.

Disabilities and Special Needs Adult Day Care Center and Administration Center

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project is a 25,000 square foot multi-use facility with client activity and program areas and administrative space. The contract is Emory J. Infinger and Associates of Charleston, South Carolina. The cost is \$6,436,974. The completion date is fall 2011. Interior equipment placement and finishing is underway.

St. Helena Branch Library at Penn Center

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project involves the construction of utilities, access road and 25,000 square foot library facility. The contractor is Choate Construction Company of Pooler, Georgia. The cost is \$7,332,403. The completion date is October 2012. Site clearing is complete; access road is 90% complete. Foundation is 80% complete and wall construction is underway on a 25,000 square foot multi-use facility with client

activity and program areas and administrative space. The contract is Emory J. Infinger and Associates of Charleston, South Carolina. The cost is \$6,436,974. The completion date is fall 2011. Interior equipment placement and finishing is underway.

Lady's Island Community Park

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project is a design / build contract covering the first two phases of this facilities including two multi-use fields, playground and pavilion with bathrooms and picnic tables. The contractor is JoCo Construction of Beaufort, South Carolina. The cost is \$746,090. The contract completion date is December 2011. Both fields have been graded and both are in grass. Picnic pavilion is complete.

Burton Wells Park

Mr. Rob McFee, Division Director-Engineering and Infrastructure, reported this project involves construction of Phase II improvements including terraced lawn amphitheater, pond development and pavilion, pedestrian trails, landscaping and restrooms. The contractor is Beaufort Engineering Services of Beaufort, South Carolina. The cost is \$1,812,011. The contract completion date is January 2012. Drainage system and pond excavation is complete. Fine grading site and building pavilions is underway.

Update / Master Plans Beaufort County (Lady's Island) and Hilton Head Island Airports

Master Plan Beaufort County (Lady's Island) Airport

Mr. Paul Andres, Airports Director, reported the Master Plan draft report has been distributed to both County and City Council members and mayor, as well as to the Airports Board. A joint presentation to County and City Councils will occur January 18, 2011, beginning at 6:00 p.m. in the Performing Arts Center, USC-Beaufort. The Plan, if approved, will be submitted to the FAA and, in this case, to the State of South Carolina Aeronautics for their review and approval. Regarding the tree obstruction issue, the FAA is resolving SCE&G power pole issues, more than 600 tree obstructions remain, additional FAA grant funding is to be requested next year, and the property owner mediation held October 11, 2011 was unsuccessful.

Master Plan Hilton Head Island Airport

Mr. Paul Andres, Airports Director, reported the FAA approved the Master Plan on September 9, 2011. Contract award for the environmental assessment and benefit cost analysis occurred October 10, 2011. Regarding tree obstruction removal on Runway 21 (north end) on-airport, the contract is All Care Tree Surgery. The construction amount is \$469,848. Work commenced September 1, 2011. The clear area is complete and buffers / wetlands underway. Estimated completion is December 30, 2011. An FAA grant funding was received. Plans / specifications are ready to bid. Staff has obtained 5 out of 16 aviation easements. Tree obstruction removal on Runway 03 (south end) off airport design work is underway 24:1 slope. The project is ready

for bid June 2012. FAA grand funding will be requested. Staff has obtained 23 out of 26 aviation easements. Tentative start date if Fall 2012. Project emphasis is trimming.

Runway safety area drainage improvements include: a permit was issued by the Town of Hilton Head Island, taxiway F repairs are complete, and staff is coordinating with contractor on remaining work.

Design projects status: commercial terminal improvements are pending and runway lighted sign relocation design is underway.

Passenger Facility Change (PFC) Program status: an application preparation is underway, airline construction occurred November 2, 2011, and a target implementation date is March 1, 2012.

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN EASEMENT ENCUMBERING PROPERTY OWNED JOINTLY BY BEAUFORT COUNTY AND THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

This item comes before Council under the Consent Agenda. It was discussed at the October 25, 2011 Public Facilities Committee.

It was moved by Mr. Glaze, seconded by Mr. Sommerville, that Council approve on second reading an ordinance authorizing the execution and delivery of an easement encumbering property owned jointly by Beaufort County and the Town of Hilton Head Island. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Flewelling. The motion passed.

The Chairman announced the public hearing date of Monday, December 12, 2011, beginning at 6:00 p.m. in Council Chambers of the Administration Building.

AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, WITH APPROPRIATE SERIES DESIGNATIONS, OF BEAUFORT COUNTY, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; FIXING THE FORM AND DETAILS OF THE BONDS; AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS LAWFULLY-AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO

It was moved by Mr. Glaze, seconded by Mr. Sommerville, that Council approve on second reading an ordinance authorizing the issuance and sale of general obligation bonds, in one or more series, with appropriate series designations, of Beaufort County, South Carolina, in the principal amount of not exceeding \$10,000,000; fixing the form and details of the bonds; authorizing the county administrator or his lawfully-authorized designee to determine certain

matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; and other matters relating thereto.

Mr. Baer is going to vote against the motion in view of the millage increase He is concerned about the tax millage that we are going to put on our citizens.

The vote was: YEAS - Mr. Dawson, Mr. Glaze Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. NAYS – Mr. Baer and Mr. Caporale. ABSENT – Mr. Flewelling. The motion passed.

The Chairman announced a special meeting and public hearing date of Monday, December 5, 2011, beginning at 5:00 p.m. in Council Chambers of the Administration Building.

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

COMMITTEE REPORTS

Governmental Committee

Lowcountry Regional Transportation Authority

Barbara Childs

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT – Mr. Flewelling. Mrs. Barbara Childs garnered the six votes required to serve as a member of the Lowcountry Regional Transportation Authority.

Natural Resources Committee

Planning Commission

Mr. Charles Brown

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

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

CALL FOR EXECUTIVE SESSION

It was moved by Ms. Von Harten, seconded by Mr. Glaze, that Council go immediately into executive session for the purpose of receiving legal advice relating to proposed contractual arrangements and proposed purchase of property as well a discussion of employment of a person

regulated by County Council. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT - Mr. Flewelling. The motion passed.

EXECUTIVE SESSION

RECOVENE OF REGULAR SESSION

County Administrator's Contract

It was moved by Mr. Sommerville, seconded by Mr. Glaze, that Council extend the County Administrator's contract from its current expiration date of December 31, 2013 to the maximum allowed under the contract which is December 31, 2014.

Mr. Sommerville said, "All Council members would like to say how impressed we are and how gratified we are of the professional job that you have done and continue to do since you came here in 2004." Speaking on behalf of all of his fellow Council members, Mr. Sommerville said Mr. Kubic has been a good example for all of the 1,100 employees in the County as well as County Council. Mr. Kubic has done everything Council has asked him to do in a professional manner and done it well. We are grateful to Mr. Kubic, and this is a small token of appreciation for all you have done and continue to do. Thank you, Mr. Kubic.

The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT - Mr. Flewelling. The motion passed.

Mr. Newton said Council's vote is certainly an expression of our confidence in Mr. Kubic.

Factory Creek Vista Joint Ownership Agreement between Beaufort County and the Beaufort County Open Land Trust

It was moved by Mr. Sommerville, seconded by Mr. Caporale, that Council approve the Factory Creek Vista Joint Ownership Agreement between Beaufort County and the Beaufort County Open Land Trust regarding the operation and maintenance and ownership of the Factory Creek Landing. The vote was: YEAS - Mr. Baer, Mr. Caporale, Mr. Dawson, Mr. Glaze, Mr. McBride, Mr. Newton, Mr. Rodman, Mr. Sommerville, Mr. Stewart and Ms. Von Harten. ABSENT - Mr. Flewelling. The motion passed.

PUBLIC COMMENT

There were no requests to speaking during public comment.

ADJOURNMENT

Council adjourned at 8:00 p.m.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Wm. Weston J. Newton, Chairman

ATTEST _____
Suzanne M. Rainey, Clerk to Council

Ratified: January 9, 2012

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Preservation board considers 2012 referendum to fund land buys, maintenance

By KYLE PETERSON kpeterson@beaufortgazette.com 843-706-8147
Published Thursday, March 10, 2011
12 Comments

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The future of a Beaufort County land conservation program and how to continue to pay for it were the subjects of a meeting Thursday that brought county staff and members of the Rural and Critical Lands Preservation Board together.

Over the past decade, the program borrowed \$90 million through two voter-approved referenda.

"To date, we have spent \$75 million of that, which has given us 65 different properties and 17,500 acres protected," said Ann Bluntzer, executive director of the Beaufort County Open Land Trust, which administers the program.

Garrett Budds, director of land protection for the trust, said the efforts have begun to challenge conventional wisdom. For example, when a development is being considered, he said, the primary discussion is over the size of the investment.

"Nowhere in that tabulation does it say, 'but it's going to impact the waterway that also filters your stormwater, provides the shrimp on your shrimp and grits, etcetera.'"

Bluntzer said much work remains to be done.

FUTURE FUNDING

Most board members seemed to agree that County Council should add a referendum to the

Related content:

Open Land Trust helps keep Old Point Green undeveloped. Dec 13, 2010

County, air station to preserve 63 acres. Dec 1, 2010

Supporters celebrate preservation efforts. Nov. 15, 2010

Want more information?

For the full list of properties purchased through the Rural and Critical Lands program, including price and number of acres, visit reporter Kyle Peterson's blog at

blogs.islandpacket.com/oyonbeaufortcounty.

2012 ballot, asking voters to provide another round of funding.

What still needs to be worked out are the details of such a ballot question.

One item to consider, Budds said, is whether to allow flexibility in terms of how the money is spent, including whether it could be used to protect areas in neighboring counties whose waterways flow into the Broad River.

"If we don't have an interest in what happens over there, we're going to suffer over here," he said.

The 2012 election is more than a year away, but County Council members said they would need to decide whether the referendum will be included by the middle of next year. Several rounds of approval are required to get that far.

"You have to start moving it now in order to hit that target," Councilwoman Laura Von Harten said.

PUBLIC USE

Board members also said they want to open more land to public access, especially with a possible vote for more funding around the corner.

Seven properties, consisting of about 170 acres, have been designated as parks and opened to the public.

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To open more public land, the board and staff will sort the remaining properties into several categories. Among them are:

- parcels that have sensitive habitat and should be closed to the public
- parcels that should be open for limited use such as walking trails.
- parcels that could allow active recreation.

The board will also need to consider how to best maintain those properties that are open for public use.

"At a certain point, the Planning Department needs to step back and stop being the operator of parks, because that's the role I'm in," said county planning director Tony Criscitello.

Funding to maintain the properties could also be an issue, especially as the county continues to grapple with a slowly recovering economy, lower property values, and projected revenue declines. Those costs could be included in a 2012 referendum.

Another option might be public-private partnerships.

Board members heard from the non-profit Adventure Education Center, which is exploring such a deal. The organization runs summer camps and activities at a park in Columbus, Ohio.

Gary Moore, director of the group, said he is familiar with the area because he owns a home in Beaufort County. He said activities -- such as a zipline "canopy tour" through the trees -- could help draw visitors to a park and keep it open and clean.

"While we're doing canopy tours, our job, too, would be to help maintain the property," he said.

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June

Anyone know what's going on with that Marshland Rd. property we bought for Habitat with land preservation money?

03/12/2011 07:59 AM Report Abuse

Like



Ic cold49

I agree that this is a good ol' boy group. They turned down a chance to purchase 8 acres which is the first property you see in Beaufort County when you come from Point South down US17 on the water. It has a fantastic view across the Pocatigo River. These self serving idiots could have purchased it for a paltry \$550,000 and turned it into the official county entrance overlook, but they insulted the owner by saying that they might pay \$100,000 for it. Now that the owner knows that the state supreme court has ruled that Yemassee's annexation of the adjacent property (Bindon Plantation) is legal he has stated that he will get this pristine parcel annexed into Yemassee and turn it into a very large waterfront honkytonk! Great job of protecting our county entrance from 1-85 you morons!!!

03/11/2011 06:30 PM 3 Likes Report Abuse

Like



markmax

This is the biggest scam. Most the land they purchased is marsh, can't build there to start. No appraisals, just pay what the seller wants. Waste of tax payers money.

03/11/2011 04:55 PM 3 Likes Report Abuse

Like



IslandJoeRedux

NO MORE DEBT

03/11/2011 09:46 AM 4 Likes Report Abuse

Like



HHInvestor

Why not just increase taxes on Non-Residents on Tourists? That is what you usually do isn't it? But SNOB has indicated that he has additional funds available for taxes on his astute (read fictional) investments (He sold at the top and bought at the bottom) so he can offer these monies to the Trust.

Seriously, How many of these people making decisions for the Trust are in the same group that secretly meets with lawmakers to decide what is best for we Peons?

03/11/2011 08:19 AM 3 Likes Report Abuse

Like



fpressbea

we need to freeze this program for at least a year let us see what 2012-13 tax reassessments are going to do to budget. after that year we can Consider adding more land and funding. we should also look closely at what we the county own and make sure it needs protection if not sell it and use that money for operations.

03/11/2011 07:14 AM 7 Likes Report Abuse

Like



billwithers

I suppose you can never start too early when looking for money. 2012 is the next window of opportunity for the County to solicit support from the voters to provide more funding for the "purchase and preservation of land." This will be round three, added to the \$90 million borrowed so far, and being repaid by the taxpayers, since 2008. I favor green spaces, conservation, views, and all that, as do most. Thus far, the land trust, for the most part, has gone about their business of quietly buying land, ostensibly to prevent runaway development. Director Garrett Budds sums up the proper role of the trust, or what we were sold in the past, in saying, "when a development is being considered, the primary discussion is over the size of the investment." But now, Budds is making noises toward wanting more authority and control, and asks for "flexibility in terms of how the money is spent." This, should be a red flag to anyone concerned about higher taxes - the sole source of repayment for the land trust. Coincidentally, we entered our current recession (2007) just after we agreed to the first \$50 million for the land trust (2006). Since this time, we increased the trust by another \$40 million, and have spent \$75 million. The recession has deepened and the tax base has decreased - precipitously into the danger zone, forcing us to make some hard economic decisions. In terms of needed money to fund all of this, we are limited to increased taxes and/or an increased tax base - meaning new business development. The taxpayers have been wrung to the limit. We do not need more tax measures to buy more land and cede further business development authority to the land trust. We need new business in the County, badly. Surely we are capable of making responsible decisions without the need for funding efforts to protect us from - ourselves.

03/11/2011 02:14 AM 9 Likes Report Abuse

Like



islanderantisnob

Did your butler/pilot clear out your mental meds from the medicine cabinets leaving only ox-lax while he takes a different walk on the wild side?

"I favor green spaces, conservation, views, and all that, as do most."

Explain how paving over thousands of trees in plain sight of neighborhoods promotes that opinion Mr. Ex-Lax.

03/12/2011 01:25 AM in reply to billwithers 1 Like Report Abuse

Like



billwithers

Imbecile.

03/12/2011 09:03 AM in reply to islanderantisnob 1 Like Report Abuse

Like



islanderantisnob

Looks like you had a mirror moment.

03/12/2011 05:41 PM in reply to billwithers Report Abuse

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County Council considers \$20 million referendum for land conservation

By KYLE PETERSON
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 843-708-8147
 Published Monday, October 24, 2011
 22 Comments

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A proposal to ask Beaufort County voters whether they're willing to spend another \$20 million on land preservation is expected to be up for first-round approval at today's Beaufort County Council meeting. The referendum question would be added to Beaufort County ballots in the 2012 general election next November.

Two previous referenda have funded the county's Rural and Critical Lands program. The first, passed in 2000, authorized \$40 million in borrowing; the second, passed in 2006, added another \$50 million. Voters supported both by margins of about 3 to 1.

Of the \$90 million approved, about \$12.7 million remains unspent.

However, Garrett Budds, conservation director with the Beaufort County Open Land Trust, which manages the county program, said he anticipates that balance will be depleted between now and 2014, probably the soonest another referendum could be held.

Moreover, Budds said there are tremendous opportunities for land preservation now because of historically low real estate values, cheap rates for borrowing and a growing interest from the public.

Councilman Stu Rodman said he thinks County Council should give voters a chance to reinvest in the program, though he hasn't yet decided to check "yes" on the ballot himself.

"As a councilperson, I think it certainly makes sense to give the voters an opportunity," Rodman said. "As a voter, I still would reserve judgment. I want to see if they make a good case for it."

PROPERTY IMPROVEMENTS

Through conservation easements and outright purchases, the program has protected more than 17,000 acres.

A handful of those properties have been designated as parks and opened to the public, and a few more, including Widgeon Point, are slated to open soon.

Budds said the trust would like to open additional properties, but money to allow that is limited.

The referendum wording currently being considered would allow up to 20 percent of the borrowing -- \$4 million -- to be spent on property improvements, which could include trails, benches, signs, observation areas and bathrooms.

It's unclear how many of the parcels might ultimately allow public access.

County workers are evaluating the properties to decide which can be opened and which should remain closed because of sensitive habitat or other factors.

VOTING FOR DEBT

The Rural and Critical Lands Board requested one mill of property tax be levied annually as additional funding for the program. One mill equates to about \$4 extra in taxes for every \$100,000 of property value on an owner-occupied home, or \$6 for every \$100,000 of value on a second home or rental property.

Councilman Steve Baer said he is concerned about a spike in debt millage from pending projects, such as the new St. Helena library. But he said it's up to voters whether land-preservation is worth the additional cost on their tax bills.

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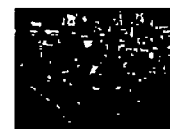
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"I will support adding it to the ballot, because I think the public should decide," Baer said. "When I'm in the voting booth, I'm going to think long and hard."

On the other side, Councilman Brian Flewelling said he will support the referendum's passage.

Flewelling said he's convinced conservation raises property values by preserving the Lowcountry's beauty and open space.

"I see on balance that this program has been successful in Beaufort County," Flewelling said. "The Beaufort that I know and love -- it keeps it that way."

Follow reporter Kyle Peterson at twitter.com/EyeOnBeaufortCo.

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"As a councilperson, I think it certainly makes sense to give the voters an opportunity," Rodman said.

Hogwash.

If you did, you would push for a referendum to find out if anyone wants to conserve the regional airport.

"As a councilperson, I think it certainly makes sense to give the voters an opportunity," Rodman said.

Hogwash.

You are the same people who whitewashed the Low Country Economic Network with a new name without a referendum.

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HOME » OPINION » BEAUFORT EDITORIAL

Land-buying question merits place on ballot

IslandPacket
info@islandpacket.com
Published Sunday, November 6, 2011
3 Comments

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Beaufort County Council has taken an important first step toward asking voters for more money for its land-buying and conservation program. Now county officials must make their case.

We think there's a strong case to be made, particularly as Bluffton prepares to spend millions of dollars to restore the health of the May River because development occurred in places and in ways that hurt the river.

No better growth control and conservation mechanism exists than to own property and control how it is used. Protecting our natural resources, the Lowcountry's key drawing point, benefits all of us through an improved quality of life and enhanced property values. It is a key public investment in our community's future.

It is why Beaufort County voters overwhelmingly approved borrowing a total of \$90 million in 2000 and 2006.

Since 1997, the county has spent \$88.4 million protecting 18,354 acres from Hilton Head Island to Seabrook, including prime developable property in environmentally sensitive areas.

This time, the county will be asking to borrow a much more modest \$20 million to be used for "... purchasing open land, development rights and conservation easements in all areas of Beaufort County in order to alleviate traffic congestion in high growth areas and to protect water quality, natural lands, wildlife areas, farmland, parkland, recreational areas, coastal areas, rivers and wetlands."

In addition, 20 percent of the \$20 million would go toward improving existing land holdings. That could open up acreage long intended for public use. The \$4 million could be spent on such projects as trails, observation areas and bathrooms.

The county is evaluating the properties to decide which can be opened and which should remain closed because of sensitive habitat or other factors.

The ordinance the council approved Oct. 24 in the first of three votes calls for levying 1 mill to pay for the bonds that would be sold.

No one wants to talk about a tax rate increase these days, but the prospect of levying a tax to pay for this program shouldn't generate an automatic "no" for the ballot question. The council can balance out this request in the budget as a whole. And voters should recognize the positive impact on the bottom line of reducing the strain on roads, public services and natural resources that comes from development.

The money also doesn't have to be borrowed immediately. The county has up to five years after voter approval to sell the bonds. But having that ability to borrow allows it to maintain flexibility in the land-buying market at a very opportune time.

Garrett Budds, conservation director with the Beaufort County Open Land Trust, which manages the county program, points out there are tremendous opportunities for land preservation now because of historically low real estate values, cheap rates for borrowing and a growing interest from the public.

The program has about \$12.7 million left to tap, but Budds says he anticipates that it will be depleted between now and 2014, the soonest another referendum could be held.

It would be a shame to miss good opportunities for important conservation purchases because we weren't ready financially.

In the coming months, we look forward to council finishing up its work to put the question on the ballot, and we look forward to a vigorous debate on this critical program.

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billwithers

Unless we get to see what it is we are buying or "improving," all we are doing is, once again, voting to give some "land addicts" another cash IV injection. Enriching others for swamp land that isn't going anywhere anyhow is not a good reason to wade deeper into the swamp. Once gator bitten, twice shy on this one.

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Raymond

If it were me, I'd make sure the law stipulates that once purchased, the land has to stay banked or sold with the proceeds retained for other land purchases. Otherwise, you risk the county doing what the town of Hilton Head did: Gave away some land it had previously purchased to what town officials considered a worthy cause. Worthy or not, it was ill-advised. Legal perhaps, but that wasn't clear to me when I voted for multiple rounds of bond referendums over a period of years to purchase land to keep it from being developed.

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Ray Koenig, husband, father, grandfather, retired civil engineer

In addition to the voter referendum, other ways of protecting the May and Okatie against pollution caused by development should be explored and implemented. For example, transferable development rights, and other incentives that will keep runoff from developments out of tidal estuaries and protected wetlands; 100% stormwater runoff detention for new developments (no runoff into protected estuaries and wetlands), etc.

All of the burden for protecting the May and Okatie (which no one owns, and we all enjoy) shouldn't be solely on taxpayers; some of the burden should be placed on those who profit from developing the land around the May and Okatie, which, as long as they are not polluted, add to the value of their land.

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