



**ANNUAL ADOPTED BUDGET AND
CAPITAL IMPROVEMENT PLAN**

FISCAL YEAR 2017 – 2018

**CITY OF BEAUFORT
SOUTH CAROLINA**



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William A. Prokop
City Manager

City Council Members

Billy Keyserling, Mayor
Mike McFee, Mayor Pro Tem
Philip Cromer
Stephen Murray
Nan Sutton

CITY OF BEAUFORT

1911 Boundary Street Beaufort, SC 29902

City Manager's Budget Message

Mayor Keyserling and members of the Beaufort City Council:

On behalf of the entire City staff it is an honor to present the 2017-18 recommended operating budget to the City Council for consideration. A substantial amount of work has been accomplished over the past ten (10) months to bring the budget forward. This effort has been guided by a well-defined process, clearly articulated goals, and a commitment to strong financial sustainability.

The fiscal year 2018 Budget continues the trend of recent years with limited increases and recovery in property values and revenues matched with the pressures of increased expenses for both core services and economic development activities. The budget is balanced and provides for increases in core services and the building of sustainable economic development programs as limited by revenue without increasing property, debt, hospitality and accommodations taxes, refuse or stormwater fees. Core service levels are improved to provide excellence in municipal service delivery.

This budget continues the process of taking the City down the path toward long-term financial sustainability. It identifies and funds vital services that have been requested by the department heads and that are important to the community, it enables the implementation of the five (5) major goals of the City and other important Council objectives, reinvest in infrastructure, and it provides employees with the tools, equipment, and training needed to deliver services in the most effective way.

The 2018 Budget provides for no increase in the City's tax rate and maintains adequate reserves in the fund balance to ensure sound fiscal integrity of the City, in addition to meeting the criteria of the leading credit rating agencies. The 2018 Budget includes resources that will allow the City to provide a high level of public safety services to all our citizens including the newly annexed areas. The proposed budget also provides capital funding and initiates a capital leasing program

for the fleet and heavy equipment needs for the aging rolling stock. The budget begins to address a significant backlog of existing infrastructure and facility deficiencies.

The proposed budget was developed following the City Council's established goals including: commitment to outstanding customer service, the continued improvement to public safety services, encourages economic growth through new businesses and expansions to achieve diversification of the tax base and career paths into higher income jobs, implement a comprehensive communications plan, through tourism attract those who wish to relocate their offices and businesses here, continue infill development within the Northwest Quadrant and parts of the Old Commons neighborhoods, and create opportunities for affordable housing to be constructed in the City.

Our philosophy calls on the City to commit to fiscal responsibility through good economic times, as well as economic downturns, and includes:

- **Informed Decision-making.** The City will identify and consider immediate and long-term economic, social, and environmental impacts of all decisions considered by the Council.
- **Increased Transparency.** The City will conduct all business with transparency pursuant to all laws and regulations. The City will continue to use tools like OpenGov to share information with the public.
- **Continued Efficiency and Effectiveness.** The City will explore and implement operational efficiencies including alternative service delivery, best management practices, and cost containment measures while preserving effectiveness.

With this philosophy, the 2017-2019 Strategic Plan and this 2018 Budget includes new investments and important reinvestments in critical City infrastructure. The budget aligns available resources with City Council goals, and includes new work programs, synchronization of all projects and actions, and capital projects to accomplish those goals. The Budget ensures workforce development and readiness and our ability to provide the community with a high level of service. It supports the development of quality employees, through a performance management system with competitive compensation, benefits, training and leadership development.

The 2018 General Fund Operating Budget can be summarized by:

- Balance budget projects revenues and expenditures of \$21,199,596
- No increase in our mil rate of 73.57 mils

- Staff increases are in support personnel that have been delayed in hiring from last year's budget or provide a needed skill. We have also planned for the staffing of our new fire station that will be shared with Port Royal as well as the 2% cost increase in our state pension contribution.
- We have over \$4.0 million dollars of stormwater projects that will need to be addressed within the next few years. The stormwater fees do not cover our needs and we will have to develop a financial and management plan to address these issues during the next fiscal year.

Conclusion:

- The City has made great strides in its financial sustainability journey. The goal has been to develop an operating plan and budget for 2018 that maintains the City's fiscal health and invests in the future. The City is expected to continue to experience slow and steady growth, with annexations being a major component of the growth, which will necessitate service level increases and investment in the City's infrastructure. Our plan takes a conservative and measured approach and our operating expenses continue to be covered by our revenue growth. However, our capital infrastructure needs are not covered by our current growth.
- The preparation of the Strategic Plan and this budget has benefitted from input about community priorities from the City's dedicated and caring advisory bodies, neighborhood groups, involved citizens, and community partners. In addition, our dedicated staff has participated in the process to ensure that resources are allocated in a way that allows the City to continue to provide high quality services to the community.
- I also express my sincere thanks and appreciation to Kathy Todd, our Finance Director, and her staff for all the work they have done throughout the year to improve the financial understanding and training of our key personnel on new programs and initiatives that have been employed and in bringing all the financial pieces of this budget together in a very professional and transparent fashion.

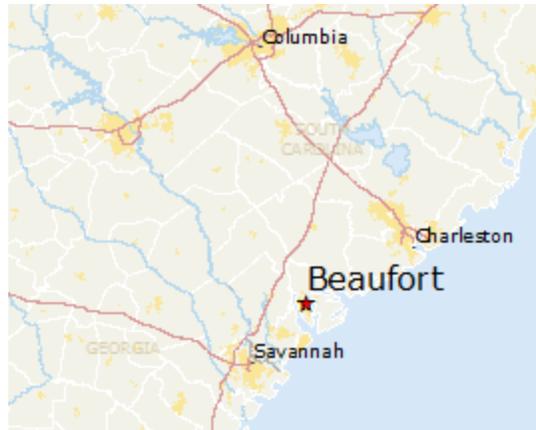
Respectfully submitted,



William A. Prokop
City Manager

City of Beaufort at a Glance

The City of Beaufort, founded in 1711 and incorporated in 1913, is located on the eastern coast of Beaufort County, South Carolina, 70 miles south of Charleston, South Carolina and 45 miles north of Savannah, Georgia and encompasses approximately 18 square miles. The 2014 population of the City according to the U.S. Census update by the Lowcountry Council of Governments was 13,130.



Local History

The City was chartered in 1711 as the second-oldest settlement in South Carolina and named after Henry Somerset who was the 2nd Duke of Beaufort. The City was laid out with 397 lots and two focal points, one on the bay and the other at the intersection of Carteret and Craven Streets, where each corner was reserved for public use.

In the mid to late antebellum period, the rise of Carolina Gold rice and Sea Island cotton brought enormous wealth to Beaufort and the surrounding plantations. Beaufort was one of the wealthiest cities in the United State prior to the Civil War and was often considered to the “Newport” of the South. Although Charleston and Columbia were the leading cities in the State, much economic and political influence was reared by Beaufort.

The Civil War had a dramatic effect on Beaufort and it was one of the first communities in the South to be held in Union hands in November 1861. The Sea Island and the City of Beaufort were evacuated by the majority of the white inhabitants who abandoned their plantations, town houses and their slaves. The first school for freed slaves was established on nearby St. Helena Island in 1862 and would later be officially named Penn School. In addition to educational advancements, the City made some political ones as well. Robert Smalls, a native son and leading figure in post-war Beaufort would later become one of South Carolina’s first elected African-

Americans to the United States Congress and remain a prominent civic leader in the State and in Beaufort until his death in 1915.

On January 1, 1863, the Emancipation Proclamation was read to the African-American population which was growing as refugees from nearby plantations made their way to town looking for shelter and work. These former slaves took part in the first efforts to assimilate freed blacks into the broadest society known as the Port Royal experiment, giving them access to educational opportunities and property ownership.

A hurricane in 1983 followed by a downtown fire in 1907 brought a decline to Beaufort's economy. Beaufort's economic recovery in the latter half of the 20th century can be contributed to three major influences: military investment, resort development, and downtown revitalization. Parris Island was selected as a permanent home for the U.S. Marine Corp recruiting station in 1917. A Marine Corp Air Station and U.S. Naval Hospital was established and constructed during World War II. New investment in the form of resort and lifestyle development on nearby Hilton Head Island and Fripp Island also contributed to the economy of Beaufort and the Lowcountry starting in the 1960s. The completion of a downtown waterfront park in place of abandoned docks, championed by then-mayor Henry Chambers, spurred the redevelopment and reinvestment of adjacent Bay Street and downtown Beaufort.



Today, light manufacturing, military installations and tourism bring in new dollars to Beaufort. Retirees and young families, drawn by the climate, history, and the as-yet unspoiled beauty, are the new settlers who add to the intellectual and cultural life of the Sea Islands.

Government Profile

The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council consisting of the major and four other members. The governing Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The City

Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. The Mayor and Council are elected at-large and serve four-year staggered terms.

The City provides a full range of services, including: police and fire protection, sanitation and recycling services, zoning, redevelopment, economic development and building, fire and code enforcement services, street and stormwater maintenance and up keep of City parks and open space.

Local Economy

Beaufort has several geographic areas of economic activity. The downtown area is the historical center of commerce and is now primarily focused towards tourists, who frequent the area year-round, but especially during the Spring and Fall peak season along with major festivals at Waterfront Park including the Water Festival held every July. The commercial growth along Boundary Street, Robert Smalls Parkway, and towards Lady's Island has significantly increased over the past several years.



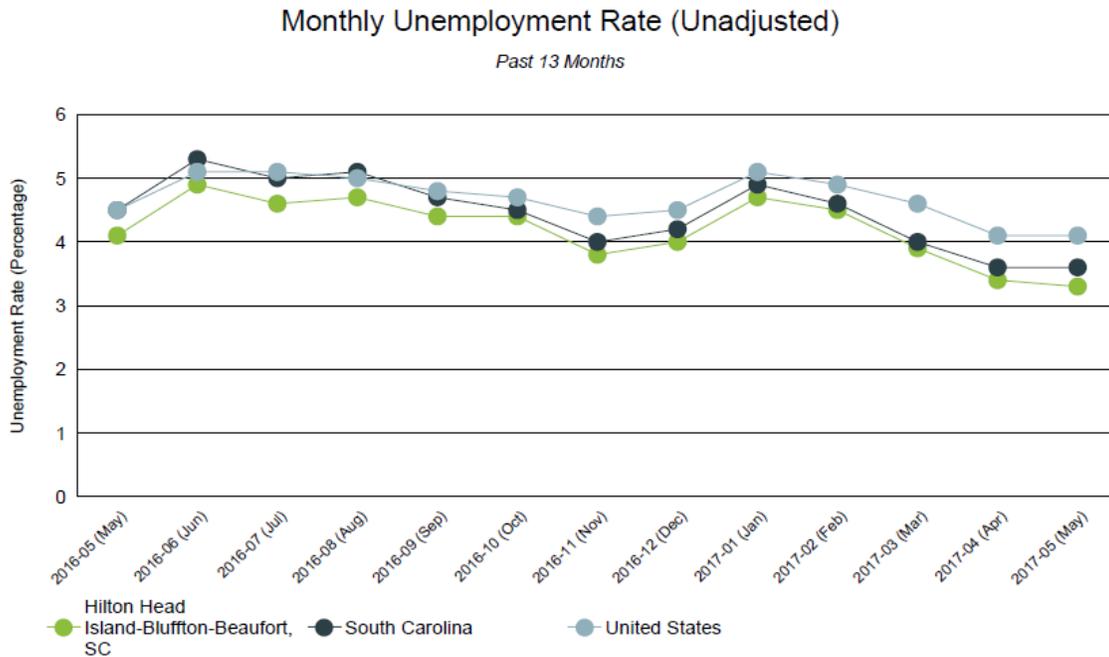
The military presence in and around the community is one of the largest economic sector in Beaufort. Beaufort's military bases employ thousands of jobs directly and indirectly related to base operations and pump millions of dollars into the local economy.

The tourism and hospitality industry is another major economic sector by bringing nearly two million visitors a year to Beaufort and the surrounding Sea Islands. The primary attractions of these visitors include recreation, history, local arts and beach vacations such as Hunting Island State Park. Tourists will continue to visit now that Beaufort was recently named The South's Best Small Town 2017 by Southern Living Magazine.

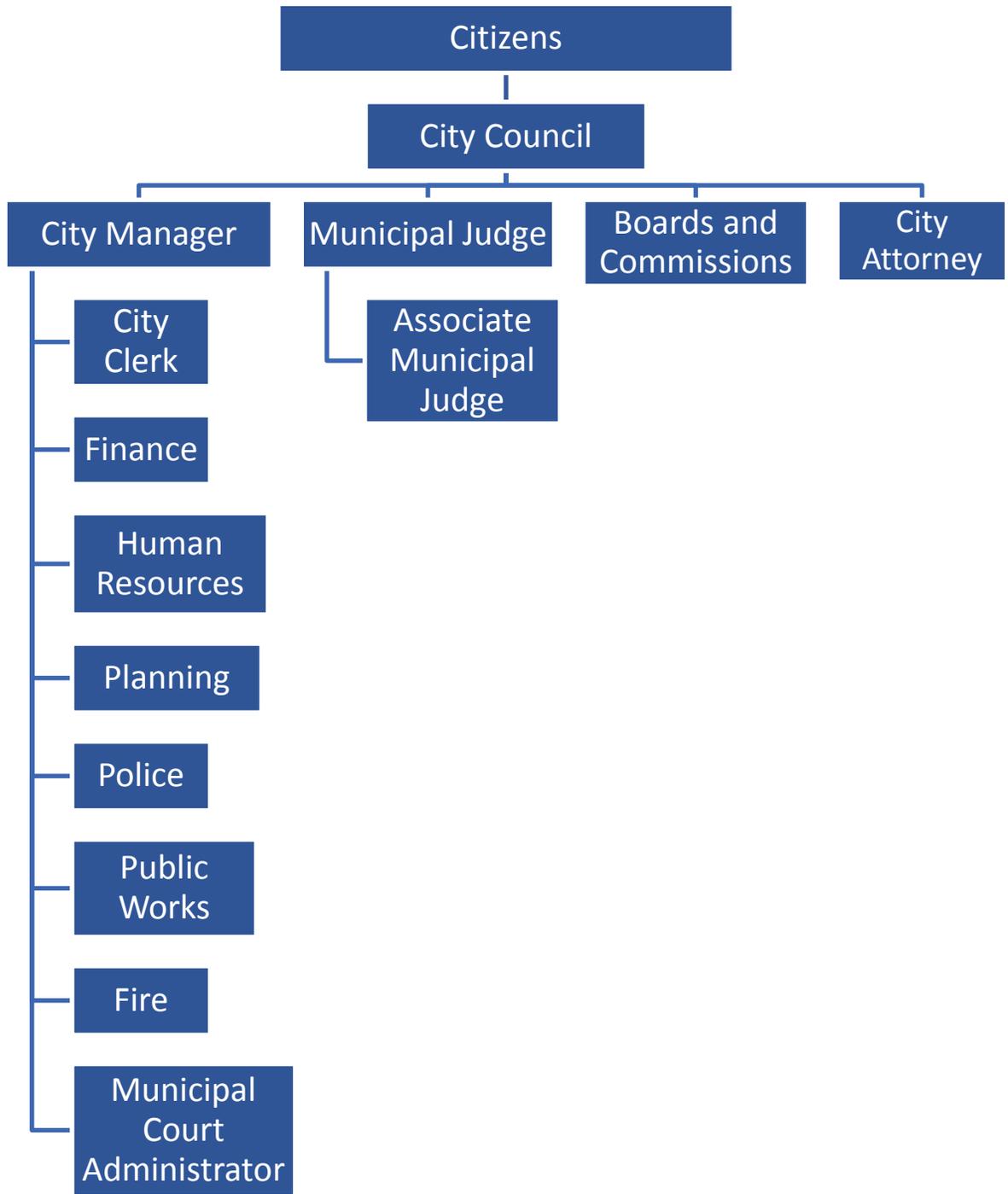
The following is a list of principal property taxpayers within the City of Beaufort.

| Taxpayer | 2016 | | |
|--------------------------------------|------------------------|------|------------------------------------|
| | Taxable Assessed Value | Rank | % of Total City Net Assessed Value |
| USPG Portfolio Eight, LLC | \$ 1,165,500 | 1 | 1.39% |
| 303 Associates, LLC | 1,010,900 | 2 | 1.20% |
| Ribaut Holdings, LLC | 875,350 | 3 | 1.04% |
| WalMart Real Estate Business Trust | 855,560 | 4 | 1.02% |
| Lowes Home Center, Inc. | 621,880 | 5 | 0.74% |
| Hotel Beaufort LP | 617,050 | 6 | 0.74% |
| HMV Hotels LLC | 583,730 | 7 | 0.70% |
| Cross Creek Apartments Holdings, LLC | 536,070 | 8 | 0.64% |
| Ashley Point Apartments LLC | 480,700 | 9 | 0.57% |
| Beaufort Dealership Properties LLC | 473,250 | 10 | 0.56% |

The area's unemployment rate continues to be lower than the State and National average based on the following chart from South Carolina Department of Employment and Workforce.

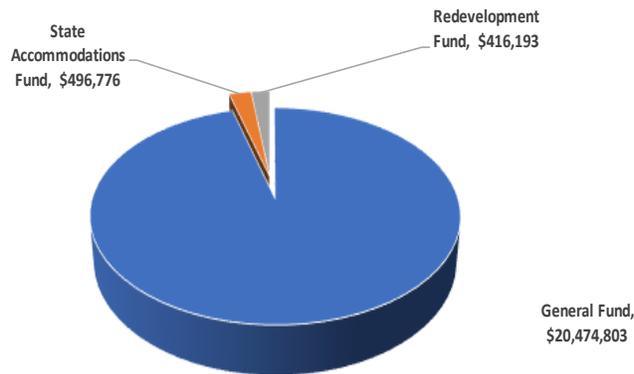


Organization Chart



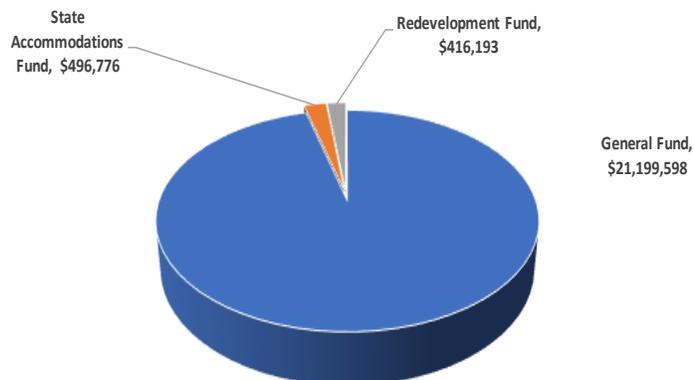
Consolidated Revenue Budget Summary

| | FY 2017 Amended Budget | FY 2018 Adopted Budget | Change | % Change |
|---------------------------|---------------------------------------|---------------------------------------|---------------------|-----------------|
| General Fund | \$ 18,995,537 | \$ 20,474,803 | \$ 1,479,266 | 7.8% |
| Special Revenue Funds: | | | | |
| State Accommodations Fund | 486,667 | 496,776 | 10,109 | 2.1% |
| Redevelopment Fund | 366,935 | 416,193 | 49,258 | 13.4% |
| | \$ 19,849,139 | \$ 21,387,772 | \$ 1,538,633 | 7.8% |



Consolidated Expenditure Budget Summary

| | FY 2017 Amended Budget | FY 2018 Adopted Budget | Change | % Change |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------|-----------------|
| General Fund | \$ 19,905,260 | \$ 21,199,598 | \$ 1,294,338 | 6.5% |
| Special Revenue Funds: | | | | |
| State Accommodations Fund | 505,829 | 496,776 | (9,053) | -1.8% |
| Redevelopment Fund | 343,070 | 416,193 | 73,123 | 21.3% |
| Total Consolidated Expenditure Budget | \$ 20,754,159 | \$ 22,112,567 | \$ 1,358,408 | 6.5% |



Budget Ordinance

ORDINANCE

AN ORDINANCE TO LEVY TAXES AND ESTABLISH A MUNICIPAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2017 and ENDING JUNE 30, 2018

WHEREAS, pursuant to the provisions of the laws of the State of South Carolina, the City Manager is required to submit to the City Council a budget for the year beginning July 1, 2017 and ending June 30, 2018, and

WHEREAS, the City Manager has prepared and presented such proposed budget to the Council, such budget available for inspection at the office of the Finance Director, and

WHEREAS, the budget contains the budgets of the General Fund, Accommodations Fund, and the Redevelopment Fund.

NOW, THEREFORE, BE IT ORDAINED by the governing body of the City of Beaufort, SC, in Council duly assembled, and by the authority of the same to provide for the levy of tax for corporate City of Beaufort for the fiscal year beginning July 1, 2017 and ending June 30, 2018, to make appropriations for said purposes, and to provide for budgetary control of the City's fiscal affairs.

SECTION 1. TAX LEVY

The City Council of Beaufort, SC hereby appropriates the funds as detailed in Sections 3 and 4 of this Ordinance. Further, that the City Council of Beaufort, SC hereby establishes the millage rates as detailed in Section 2 of this Ordinance. However, the City Council of Beaufort, SC reserves the right to modify these millage rates by resolution at its August 22, 2017 meeting.

SECTION 2. MILLAGE

The Beaufort County Auditor is hereby authorized and directed to levy the Fiscal Year 2017 – 2018 a tax of 73.57 mills on the dollar of assessed value of property within the City limits, in accordance with the laws of South Carolina. These taxes shall be collected by the Beaufort County Treasurer, as provided by law and distributed in accordance with the provisions of this Ordinance and subsequent appropriations hereafter passed by the City Council of Beaufort, SC.

| | |
|-------------------|-------|
| City Operations | 54.66 |
| City Debt Service | 18.91 |

SECTION 3. CITY OPERATIONS APPROPRIATION

An amount of \$21,199,598 is appropriated to the City of Beaufort General Fund to fund City Administration Operations as follows:

| <u>Department</u> | <u>Appropriation</u> |
|-----------------------------------|----------------------|
| Non Departmental | \$ 734,922 |
| City Council | 164,538 |
| City Manager | 457,378 |
| Finance | 772,917 |
| Human Resources | 177,132 |
| Information Technology | 490,806 |
| Municipal Court | 496,630 |
| Planning | 819,357 |
| Police Operations | 5,171,582 |
| School Resource Officers | 270,704 |
| School Crossing Guard | 25,488 |
| Victims Rights | 78,253 |
| Beaufort Fire | 4,835,616 |
| Public Works | 549,538 |
| Streets | 759,634 |
| Parks | 1,590,567 |
| Traffic | 181,117 |
| Vehicles | 96,010 |
| Facilities Maintenance | 592,497 |
| Stormwater | 854,830 |
| Solid Waste | 724,030 |
| Debt Service | 1,356,052 |
| Total General Fund Appropriations | <u>\$ 21,199,598</u> |

The detailed Operations budget containing line-item accounts by department is hereby adopted as part of this Ordinance.

Capital Project Appropriations shall not lapse at June 30, 2018, but each project appropriation shall remain in force for the life of the project and shall be closed out upon completion or other disposition of the project.

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

SECTION 4. CITY OPERATIONS REVENUE

The appropriations of the City Operations will be funded from the following revenue sources:

| | | |
|-----------------------------------|----|-------------------|
| Property Taxes | \$ | 4,923,169 |
| Other Taxes | | 2,715,000 |
| License & Permits | | 3,923,150 |
| Franchise Fees | | 2,230,243 |
| Intergovernmental | | 1,582,415 |
| Charges for Services | | 2,348,091 |
| Fines & Forfeitures | | 307,500 |
| Miscellaneous | | 165,000 |
| Proceeds from Debt Instrument | | 656,560 |
| Transfers In | | 48,000 |
| Total Operating Revenue | | |
| General Obligation Bonded Debt | | |
| Service - Tax Revenue | | 1,575,675 |
| Use of Committed Fund Balance for | | |
| Land Acquisition | | 215,600 |
| Use of Committed Fund Balance for | | |
| Redevelopment | | 159,195 |
| Use of Committed Fund Balance for | | |
| Vehicles & Equipment | | 350,000 |
| | \$ | <u>21,199,598</u> |

SECTION 5. CITY DEBT SERVICE APPROPRIATION

The revenue generated by a 18.91 mill levy is appropriated to defray the principal and interest payment on all City bonds authorized to cover Capital expenditures.

SECTION 6. BUDGETARY ACCOUNT BREAKOUT

The foregoing City Operation appropriations have been detailed by the City Council into line-item accounts for each department. The detailed appropriation by account and budget narrative contained under separate cover is hereby adopted as part of this Ordinance.

SECTION 7. FY 2016-2017 ENCUMBRANCES AND REMAINING GRANT AUTHORIZATIONS REAPPROPRIATED, RECORDING OF ASSIGNMENTS OF AMOUNTS APPROPRIATED FROM FUND BALANCE.

Encumbrances in each fund at June 30, 2017, representing obligations made against 2016-2017 appropriations outstanding as of that date, are hereby reappropriated and the

appropriations shall be distributed to the budgetary accounts under which the expenditures will be charged during the FY 2017-2018 budget year as such obligations are satisfied, provided that such encumbrances, when taken together with the FY 2016-2017 expenditures, do not cause any fund to exceed its budgetary authorization for the year ended June 30, 2017.

For each fund in which a reappropriation occurs, the amount of funds appropriated hereunder shall be established in that fund as "Assigned Fund Balance for Encumbrances."

For each fund in which the balanced budget for FY 2017-2018 includes the use of fund balance; the amount of the fund balance so used shall be identified as "Assigned for Current Appropriations."

Appropriations for grants, the authorization for which extends beyond the end of the fiscal year, shall not lapse at the end of the fiscal year. Any such grant authorizations remaining at the end of a fiscal year shall be reappropriated pursuant to the conditions of the respective grant agreements.

Appropriations for active projects resulting in restrictions or commitments of fund balances shall be identified by appropriate titles in the financial statements of the affected funds.

SECTION 8. ADMINISTRATION OF THE BUDGET

The City Manager or his designee shall administer the budget and may authorize the transfer of appropriations within the allotments heretofore established and necessary to achieve the goals of the budget provided, however, that no such transfer shall be used to increase the total appropriation within any fund.

SECTION 9. AUTHORIZATION TO ENTER INTO CONTRACTS

The City Manager is authorized to enter into City contracts if the total contract amount is less than or equal to the budget line item or project budget as approved by City Council herein.

SECTION 10. ALLOCATION OF FUNDS

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

SECTION 11. MISCELLANEOUS RECEIPTS ABOVE ANTICIPATED REVENUES

Revenues other than, and/or in excess of, those addressed in Section 4 of this Ordinance, received by the City of Beaufort, which are in excess of the anticipated revenue as approved in the current budget, may be expended as directed by the revenue source, or for the express purposes for which the funds were generated without further approval of City Council. All such expenditures addressed in Section 3, in excess of \$10,000, shall be reported, in written form, to

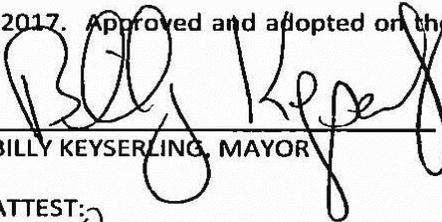
the City Council of Beaufort on a quarterly basis. Such funds include sales of products, services, rents, contributions, donations, special events, insurance and similar recoveries.

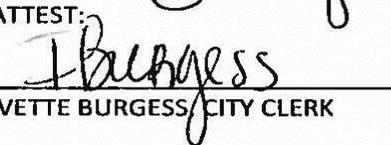
SECTION 12. TRANSFERS VALIDATED

All duly authorized transfers of funds heretofore made from one account to another, or from one fund to another during Fiscal Year 2018, are hereby approved.

SECTION 13. EFFECTIVE DATE

This Ordinance shall be effective July 1, 2017. Approved and adopted on the second and final reading this 27th day of June 2017.


BILLY KEYSERLING, MAYOR

ATTEST:

IVETTE BURGESS, CITY CLERK

1ST Reading June 13, 2017

2nd Reading & Adoption June 27, 2017

Reviewed by: William Harvey III, City Attorney, June 8, 2017

Capital Improvement Plan Resolution

RESOLUTION

WHEREAS, the City Council recognizes the need for a plan that assess capital facility needs against its overall goals and objectives; and

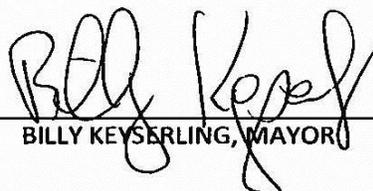
WHEREAS, the City Council desires to establish a multi-year planning horizon that maintains a close relationship to the Comprehensive Plan and the Civic Master Plan known as a Capital Improvement Plan, and

WHEREAS, the Capital Improvement Plan contains capital facility needs that span the multi-year horizon to guide the financial planning process, and

WHEREAS, the Capital Projects Budget is developed from the Capital Improvement Plan as funding methods are identified.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Beaufort, South Carolina, duly assembled and by authority of the same, adopts the FY 2018 Capital Improvement Plan as its long-term planning document that guides the capital planning and budgeting of the City.

IN WITNESS THEREOF, I hereunto set my hand and caused the Seal of the City of Beaufort to be affixed this ___th day of June, 2017.



BILLY KEYSERLING, MAYOR



IVETTE BURGESS, CITY CLERK

Fees Resolution

RESOLUTION

WHEREAS, the City Council recognizes the need for sound financial planning; and

WHEREAS, the City Council desires to establish a process for reviewing fees and charges for service, and

WHEREAS, the City Council has adopted policies to guide the financial planning process, and

WHEREAS, the City as part of its planning process, approves the proposed method for setting of fees;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Beaufort, South Carolina, duly assembles and by the authority of same, that the City of Beaufort authorizes staff to set the following fees for fiscal year beginning July 1, 2017:

| | |
|---|----------------|
| Special Duty Fee - Police | \$50/hour |
| Special Duty Fee – Fire | \$38/hour |
| Special Duty Fee – Public Works | \$36/hour |
| Park Rental Fee – Waterfront Park – as adopted in February 2011 and included in the Waterfront Park rental application | |
| Park Deposit Fee – Pigeon Point Park | \$50/day |
| Park Deposit Fee - Southside Park | \$100/day |
| Parking Fee for Special Events - Full Day Rate | \$6/day |
| Stormwater Fee – Option E under the Beaufort County Stormwater Rate model | \$105/account |
| Refuse/Recycling Collection Fee – Residential | \$16.20/month |
| Refuse Collection Fee – Commercial: | |
| Tier 1 – 1 Cart/2 Day service | \$27.00/month |
| Tier 2 - 2 Carts/2 Day service | \$57.00/month |
| Tier 3 – 3 Carts/2 Day service | \$82.00/month |
| Tier 4 – 3 Carts/5 Day service | \$120.00/month |

Tier 5 – 4 Carts/5 Day service \$158.00/month

Tier 6 – 5 Carts/5 Day service \$189.00/month

Tier 7 – 6 Carts/5 Day service \$220.00/month

\$25.00 added to each monthly account requiring Saturday service

Business License Fees (see Attached Rate Schedule)

Building Code Fees (See Attached Fee Schedule)

IN WITNESS THEREOF, I hereunto set my hand and caused the Seal of the City of Beaufort to be affixed this ___th day of June, 2017.


BILLY KEYSERLING, MAYOR


IVETTE BURGESS, CITY CLERK

Budget Process

- Strategic planning sessions precede the official budget process. During these sessions, Council and staff discuss goals and set priorities.
- The budget process begins in February and the budget calendar is reviewed and established. The City Manager meets with all departments to discuss the current and future trends, needs and goals of the City.
- Departments are then responsible for preparing requests for programs, projects and initiatives they would like to have considered for the upcoming budget year.
- Each department meets individually with the City Manager to review department budget requests. Requests are evaluated to determine their alignment with the strategic goals and the fiscal resources necessary to fund the requests.
- Following these meeting, the City Manager's Office and the Finance Office meet to prepare the draft budget for submission to City Council. This draft budget is submitted to the Mayor and City Council at formal budget workshops held in April and May.
- The public has an opportunity to comment on the budget during the Public Hearing and again during first and second reading of the ordinance to adopt the budget.
- State law requires the City Council to adopt a balanced budget prior to June 30. Budget amendments are allowed under South Carolina law and are made throughout the year as necessary.



Budget Calendar

- January 2017: Begin planning for City Council retreat, establishing agenda
- February 7, 2017: City Council Retreat – Department Heads, Redevelopment Commission and other interest constituents invited
- March 1, 2017: Budget Entry at Level 1 available for departmental budget requests.
- April 6, 2017: All departmental Budget Requests completed by close of business
- April 18, 2017: City Manager presentation in Worksession on FY 2018 goals and Revenue Projections for Major Revenue Sources – Property Tax, Local Accommodations & Local Hospitality Tax, and Business License Tax
- April 25, 2017: Courts and Planning Budget Presentations in Worksession
- May 9, 2017: Fire and Public Works Budget Presentation in Worksession
- May 16, 2017: Police and Administrative Departments Budget Presentations in Worksession
- May 23, 2017: City Manager Budget presentation to City Council Worksession.
- May 31, 2017: Publication date of Public Notice of Public Hearing for FY 2018 Budget
- June 13, 2017: Public Hearing on FY 2018 Budget in City Council meeting
First Reading on FY 2018 Budget Ordinance in City Council meeting
- June 27, 2017: Second Reading on FY 2018 Budget Ordinance in City Council meeting



Financial Policies

The City of Beaufort's financial policies are governed by South Carolina state law, the City Charter, and generally accepted accounting principles. These laws, principles and policies describe ways to amend the budget after adoption, provide for budget controls and budget reporting, and identify appropriate methods for budgeting, accounting and reporting.

The City Manager is authorized to transfer any sum from one budget line item to another, or from one department or org to another department or org; provided, however, that no such transfer shall:

1. Be made from one fund to another fund,
2. Conflict with any existing Bond Ordinance, or
3. Conflict with any previously adopted policy of the City Council.

Any change in the budget which would increase or decrease the total of all authorized expenditures must be approved by City Council.

The accounting policies of the City of Beaufort conform to generally accepted accounting principles (GAAP) as applicable for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting principles. The City's budget is prepared using the modified accrual basis of accounting, which is the same accounting basis used for the City's audited financial statements. Revenues are recognized as soon as they are considered measurable and available, while expenditures generally are recorded when a liability is incurred.

The accounts of the City are organized on the basis of funds. Each is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The operations of each fund are accounting for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. South Carolina law requires the City to adopt a balanced budget each year. A balanced budget is one in which budgeted funding sources equal budgeted expenditures.

General Fund is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Principle sources of revenue are property taxes, licenses and permits, intergovernmental revenues, and various charges for services such as refuse collection fees. A few of the primary expenditures in the General Fund are public safety (including police and fire services), general government, public works, parks and recreation, and debt service.

Special Revenue Funds are to report the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose other than debt service or capital projects. The State Accommodations and the Redevelopment Fund, are Special Revenue funds budgeted through the City's Budget process. The TIF II Fund was previously included in the budget process, but will be incorporated through the adoption of the Capital Improvement Plan now that the Incremental Tax revenue is no longer being collected as of June 30, 2017 and all associated debt of the TIF II Fund has been repaid.

The purpose of each of these Special Revenue funds is as follows:

- **State Accommodations Tax Fund** accounts for the 2% State Accommodations sales tax from transient room rentals. The expenditures are restricted to tourist related activities as stipulated by State Law.
- **Redevelopment Fund** accounts for the activity in support of Redevelopment initiatives.

The **Capital Projects Fund** accounts for activity related to capital projects of the City.

The **Drug Control and Prevention Fund** and **Cemetery Fund** are other governmental funds that do not have an adopted budget, but appear on the City's audited Comprehensive Annual Financial Report.

Budget Format

The Operational Budgets are presented in accordance with State Law and the City's fiscal policies for the General Fund, State Accommodations Fund and Redevelopment Fund.

The Operational Budget Summary of the General Fund is broken into segments:

- Revenues
- Expenditures
 - Salaries & Benefits
 - Operations which includes: Workers Compensation insurance, consulting services, professional services, utilities, property, vehicle and tort liability insurances, supplies, leased equipment, postage, printing, telephone, travel, and maintenance.
 - Capital Rolling Stock and Stormwater includes vehicles, equipment and Stormwater projects funded by the Stormwater fees.
 - Transfers represents Transfers out of the General Fund for capital projects.
 - Debt Service represents the payments of principle and interest on the City's Revenue bond and general obligation bond funding.

The Capital Project Budget is presented in accordance with City Council's Capital Improvement Plan. The Capital Project Budget is an inception to date budget with projects added and removed based on City Council priorities, availability of funding and completion.

Strategic Plan 2017-2019

LASERING, NOT LAYERING

Goal 1: Encourage sustainable economic growth through new businesses and expansions to achieve diversification of the tax base and career paths into or beyond middle income through targeted recruitment of businesses in technology, knowledge management, and emerging sectors.

Rationale: *Increasing the focus on economic development by encouraging sustainable economic growth and partnerships through business workforce development and diversification will create jobs that enable and encourage the private sector to create well-paid, career oriented positions. Using strategies for infrastructure, maximizing use of appropriate city-owned properties, focusing on promising growth sectors, and expanding desired economic activity will positively impact our tax base and improve revenue for the City.*

Goal 2: Create and maintain a comprehensive, proactive communication plan.

Rationale: *Providing accurate, timely information to the public through all media avenues with an eye on ensuring enhanced dissemination of information on all projects and on the daily operations of the City is critical to an informed citizenry, transparency in governance, and shared understanding of what is happening in our community. By increasing information to the community, we will create avenues to opportunities with the City for citizens and businesses. While traditional methods will be utilized, we are committed to utilizing all forms of social media to the fullest.*

Goal 3: Through tourism, attract those who wish to relocate their offices and businesses here to live, work, and play by capitalizing on that which gives Beaufort unmatched quality of life opportunities.

Rationale: *The City of Beaufort is one of South Carolina's most historic and iconic cities, with a vibrant Lowcountry character, well-preserved historic buildings, and a natural beauty and lifestyle that attracts visitors and inspires devotion in residents. The City has worked to maintain the vibrancy and economic viability of the Downtown Commercial Core and our historic sites. Our downtown, a strong anchor for the community and a prime destination for visitors, requires ongoing attention to ensure sustainability.*

The Waterfront Park is broadly enjoyed by our residents and our guests as they take in the beauty of Beaufort River. The playground is frequented by children as their parents watch nearby. We consider our Marina and the Waterfront Park to be jewels, which must be polished from time to time. Now is such a time.

Goal 4: Initiate a plan to accommodate significant growth through infill development within the Northwest Quadrant and parts of the Old Commons.

Rationale: *We welcome opportunities to expand our population and to expand the revenue streams that accompany new development. Expansion within relatively fixed borders calls on us to look inward for opportunities. Through thoughtful infill we can stabilize, enhance, and promote preservation in select neighborhoods. Increasing occupation of once struggling properties creates broad, deep communities of individuals who value the beauty of Beaufort.*

Goal 5: Create and coordinate opportunities for affordable housing to be constructed in the City.

Rationale: *Council recognizes that a successful community serves a broad range of citizens, with a wide scope of housing needs. Beaufort enjoys iconic mansions, homes of Lowcountry vernacular, and attractive residences that are more modest in scale but which house many who make up the fabric of our daily life in the City. We recognize the need to have affordable housing to ensure a diverse housing portfolio and continue income diversity within our borders.*



Fund Balance

Fund balance is generally defined as the difference between a fund’s assets and liabilities. It is intended to serve as a measure of the financial resources available in a governmental fund. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks, ensure stable tax rates, maintain bond rating, and not jeopardize the continuation of necessary public services.

The City Council has set a minimum fund balance target of 25% of expenditures and recurring transfers. This 25% goal amounts to \$5,299,900 for FY 2018. The total estimated fund balance for the General Fund for the year beginning July 1, 2017 is \$8,386,500. No other fund balance policies exist.

A summary of the estimated changes in fund balance for FY 2018 is as follows:

| | Beginning Fund Balance Estimate | Revenues and Other Sources | Expenditures and Other Uses | Ending Fund Balance Estimate | \$ Change | % Change |
|---------------------------|---------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------|--------------|
| General Fund | \$ 8,386,500 | \$ 20,474,803 | \$ 21,199,598 | \$ 7,661,705 | \$(724,795) | -8.6% |
| Special Revenue Funds: | | | | | - | |
| State Accommodations Fund | 86,000 | 496,776 | 496,776 | - | - | 0.0% |
| Redevelopment Fund | 196,000 | 416,193 | 416,193 | - | - | 0.0% |
| Total | <u>\$ 8,668,500</u> | <u>\$ 21,387,772</u> | <u>\$ 22,112,567</u> | <u>\$ 7,661,705</u> | <u>\$(724,795)</u> | <u>-8.4%</u> |

In the General Fund, a budgeted use of fund balance in the amount of \$724,795 is adopted for FY 2018. The breakdown is comprised of \$215,600 committed for land, \$159,195 committed for redevelopment, and \$350,000 is committed for capital equipment.



Debt

The City's borrowing power is restricted by amended Article X, Section 14 of the South Carolina Constitution, which became effective on November 30, 1977. This Section provides that a local government unit cannot at any time have total general bonded debt outstanding (excluding certain lease and installment obligations) in any amount that exceeds 8% of its total assessed property value.

The following is the City's legal debt margin computation:

| | |
|---|---------------------|
| Total Assessed Value at June 30, 2016 | \$ 99,924,620 |
| Debt Limit - (8% of Total Assessed Value) | 7,993,970 |
| Current General Bonded Debt | <u>(1,162,000)</u> |
| Legal Debt Margin | <u>\$ 6,831,970</u> |

The following is the City's breakdown of budgeted principal and interest for FY18 debt payments:

| | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| General Obligation Debt | \$ 960,000 | \$ 396,050 | \$ 1,356,050 |
| Revenue Bonds | 214,108 | 94,951 | 309,059 |
| Capital Leases | 195,698 | 13,719 | 209,417 |
| Total | <u>\$ 1,369,806</u> | <u>\$ 504,720</u> | <u>\$ 1,874,526</u> |

The City plans on entering into a capital lease agreement in FY18 for \$656,560 relating to the purchase of various capital equipment needs within the Fire, Police, and Public Works departments.

The City's debt millage rate decreased from 20.78 mills to 18.91 mills in FY18.

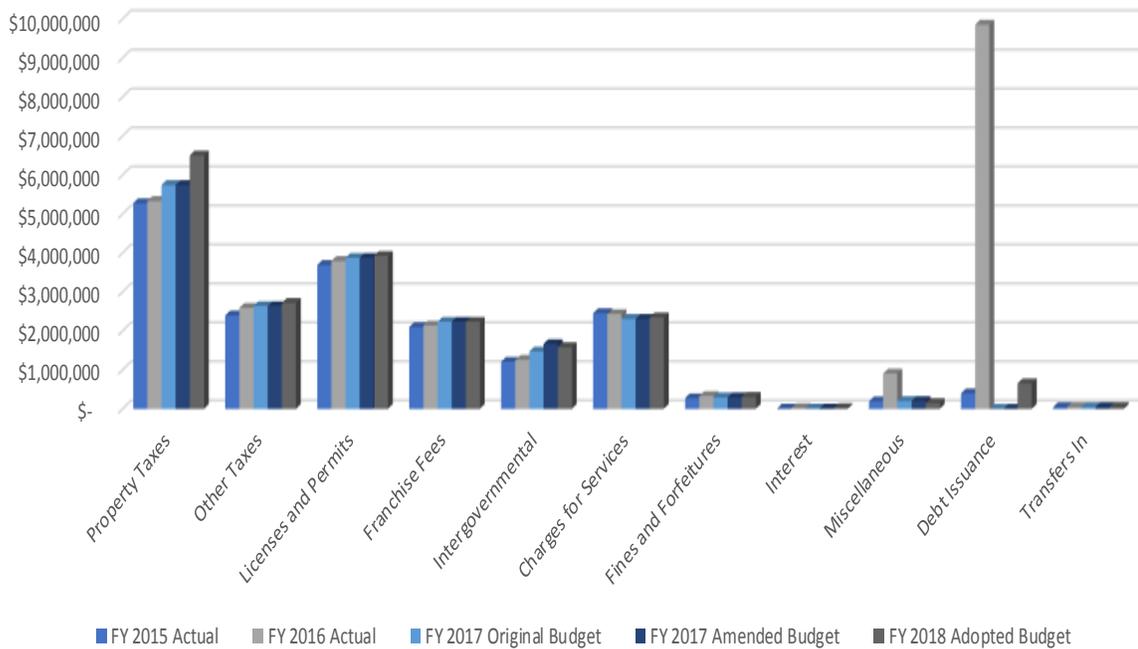


General Fund Budget Summary

| | FY 2015 | FY 2016 | FY 2017 | FY 2017 | FY 2018 | Change | |
|---|---------------|---------------|---------------|---------------|---------------|--------------|----------|
| | Actual | Actual | Original | Amended | Adopted | from Prior | % Change |
| | | | Budget | Budget | Budget | Year | |
| Property Taxes | \$ 5,274,314 | \$ 5,329,064 | \$ 5,739,276 | \$ 5,739,275 | \$ 6,498,844 | \$ 759,569 | 13.2% |
| Other Taxes | 2,397,713 | 2,588,063 | 2,635,000 | 2,635,000 | 2,715,000 | 80,000 | 3.0% |
| Licenses and Permits | 3,689,739 | 3,791,718 | 3,871,200 | 3,871,200 | 3,923,150 | 51,950 | 1.3% |
| Franchise Fees | 2,095,821 | 2,134,882 | 2,230,243 | 2,230,243 | 2,230,243 | - | 0.0% |
| Intergovernmental | 1,207,708 | 1,253,703 | 1,469,272 | 1,662,336 | 1,582,415 | (79,921) | -4.8% |
| Charges for Services | 2,456,064 | 2,431,132 | 2,306,604 | 2,306,604 | 2,348,091 | 41,487 | 1.8% |
| Fines & Forfeitures | 272,105 | 328,852 | 294,500 | 294,500 | 307,500 | 13,000 | 4.4% |
| Interest | 9,403 | 16,977 | 7,800 | 7,800 | 20,000 | 12,200 | 156.4% |
| Miscellaneous | 193,747 | 906,435 | 200,495 | 200,496 | 145,000 | (55,496) | -27.7% |
| Subtotal Operating Revenues | \$ 17,596,614 | \$ 18,780,826 | \$ 18,754,390 | \$ 18,947,454 | \$ 19,770,243 | \$ 822,789 | |
| Proceeds from Debt Instruments | 398,041 | 9,850,831 | - | - | 656,560 | 656,560 | 100.0% |
| Transfers In | 43,612 | 46,300 | 48,083 | 48,083 | 48,000 | (83) | -0.2% |
| Total Revenues | \$ 18,038,267 | \$ 28,677,957 | \$ 18,802,473 | \$ 18,995,537 | \$ 20,474,803 | \$ 1,479,266 | 10.0% |
| Salaries | \$ 7,063,936 | \$ 7,152,827 | \$ 7,641,863 | \$ 7,648,901 | \$ 8,398,139 | \$ 749,238 | 9.8% |
| Benefits | 2,409,691 | 2,329,933 | 2,502,442 | 2,504,618 | 2,894,964 | 390,346 | 15.6% |
| Operations | 5,256,991 | 5,532,132 | 6,476,318 | 6,777,035 | 6,480,846 | (296,189) | -4.4% |
| Capital Equipment | 1,288,637 | 1,200,729 | 831,813 | 889,181 | 1,262,732 | 373,551 | 42.0% |
| Debt | 1,675,614 | 1,757,544 | 1,692,405 | 1,692,405 | 1,874,526 | 182,121 | 10.8% |
| Subtotal Operating Expenditures | \$ 17,694,869 | \$ 17,973,165 | \$ 19,144,841 | \$ 19,512,140 | \$ 20,911,207 | \$ 1,399,067 | |
| Debt Issuance | - | 9,850,831 | - | - | - | - | |
| Transfers Out | 945,957 | 216,178 | 243,120 | 393,120 | 288,391 | (104,729) | -26.6% |
| Total Expenditures | \$ 18,640,826 | \$ 28,040,174 | \$ 19,387,961 | \$ 19,905,260 | \$ 21,199,598 | \$ 1,294,338 | 6.5% |
| Contribution (Use) of Committed Fund Balance: | \$ (602,559) | \$ 637,783 | \$ (585,488) | \$ (909,723) | \$ (724,795) | \$ 184,928 | |
| Release of Restricted Fund Balance | \$ 120,969 | \$ - | \$ - | \$ 42,362 | \$ - | | |
| Release of Assigned Fund Balance for Encumbrances | 281,590 | - | - | 111,872 | - | | |
| Release of Committed Fund Balance for Land | - | - | 434,241 | 484,242 | 215,600 | | |
| Release of Committed Fund Balance for Redevelopment | - | - | - | 120,000 | 159,195 | | |
| Release of Committed Fund Balance for Capital Projects | 200,000 | - | - | - | - | | |
| Release of Committed Fund Balance for Capital Equipment | - | - | 151,247 | 151,247 | 350,000 | | |
| Total Committed Fund Balance used | \$ 602,559 | \$ - | \$ 585,488 | \$ 909,723 | \$ 724,795 | | |

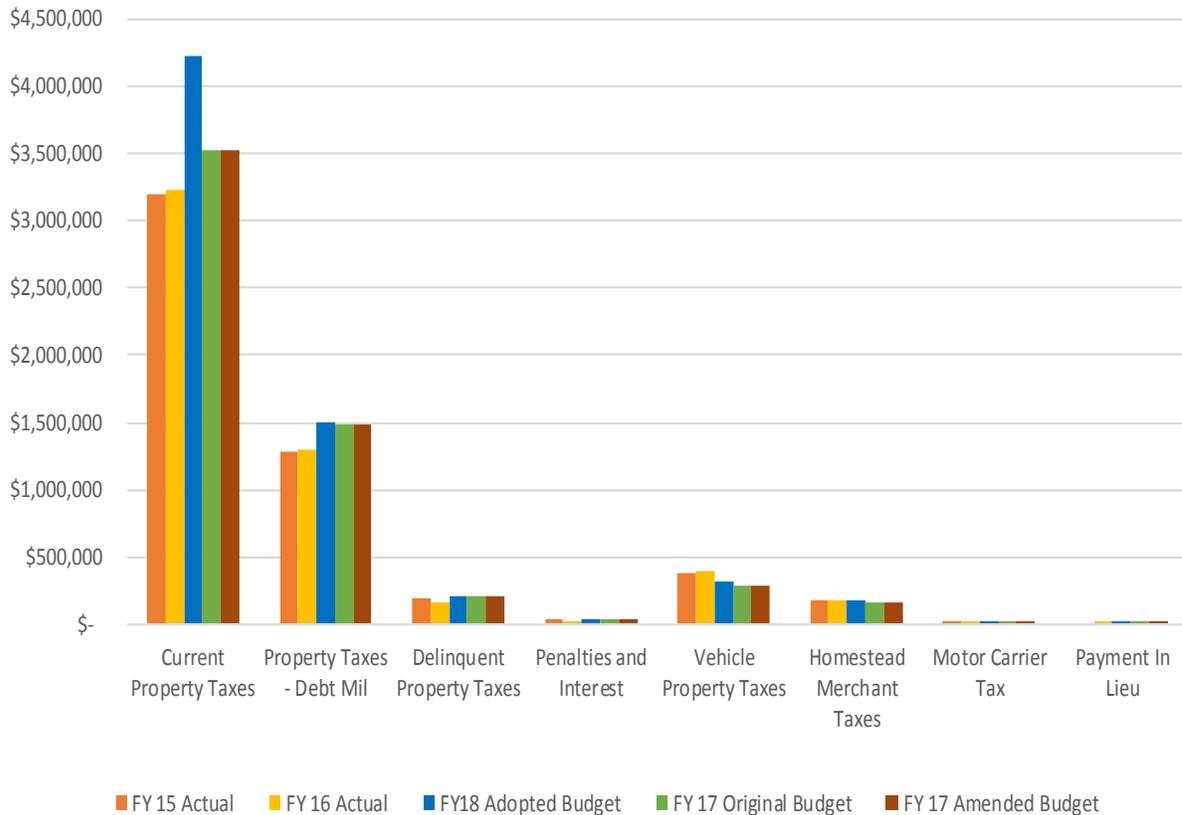
General Fund Revenues

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|-----------------------|-----------------------|-----------------------|--------------------------------|-------------------------------|-------------------------------|
| Property Taxes | \$ 5,274,314 | \$ 5,329,064 | \$ 5,739,276 | \$ 5,739,275 | \$ 6,498,844 |
| Other Taxes | 2,397,713 | 2,588,063 | 2,635,000 | 2,635,000 | 2,715,000 |
| Licenses and Permits | 3,689,739 | 3,791,718 | 3,871,200 | 3,871,200 | 3,923,150 |
| Franchise Fees | 2,095,821 | 2,134,882 | 2,230,243 | 2,230,243 | 2,230,243 |
| Intergovernmental | 1,207,708 | 1,253,703 | 1,469,272 | 1,662,336 | 1,582,415 |
| Charges for Services | 2,456,064 | 2,431,132 | 2,306,604 | 2,306,604 | 2,348,091 |
| Fines and Forfeitures | 272,105 | 328,852 | 294,500 | 294,500 | 307,500 |
| Interest | 9,403 | 16,977 | 7,800 | 7,800 | 20,000 |
| Miscellaneous | 193,747 | 906,435 | 200,495 | 200,496 | 145,000 |
| Debt Issuance | 398,041 | 9,850,831 | - | - | 656,560 |
| Transfers In | 43,612 | 46,300 | 48,083 | 48,083 | 48,000 |
| Total Revenues | \$ 18,038,267 | \$ 28,677,959 | \$ 18,802,473 | \$ 18,995,537 | \$ 20,474,803 |



Property Taxes

| | <u>FY 15 Actual</u> | <u>FY 16 Actual</u> | <u>FY 17 Original Budget</u> | <u>FY 17 Amended Budget</u> | <u>FY18 Adopted Budget</u> |
|-----------------------------|---------------------|---------------------|--------------------------------------|-------------------------------------|--------------------------------|
| Current Property Taxes | \$ 3,206,349 | \$ 3,235,865 | \$ 3,522,663 | \$ 3,522,662 | \$ 4,228,783 |
| Property Taxes - Debt Mil | 1,285,261 | 1,297,429 | 1,482,304 | 1,482,304 | 1,494,017 |
| Delinquent Property Taxes | 187,050 | 158,846 | 211,088 | 211,088 | 211,088 |
| Penalties and Interest | 32,095 | 28,083 | 33,196 | 33,196 | 33,196 |
| Vehicle Property Taxes | 386,144 | 401,714 | 291,525 | 291,525 | 325,760 |
| Homestead Merchant Taxes | 173,255 | 173,035 | 167,500 | 167,500 | 175,500 |
| Motor Carrier Tax | 4,160 | 8,617 | 5,000 | 5,000 | 7,500 |
| Payment In Lieu | - | 25,475 | 26,000 | 26,000 | 23,000 |
| Total Property Taxes | \$ 5,274,314 | \$ 5,329,064 | \$ 5,739,276 | \$ 5,739,275 | \$ 6,498,844 |



Property Taxes (Continued)

- Represents the largest revenue source of the City, or approximately 32% of the total revenues.
- TIF II lapsed as of June 30, 2017 and therefore the TIF II base and increment are part of the General Fund property tax revenue, an increase of \$9.9M of taxable assessed value to the real property.
- Taxable assessed value of real property is estimated for tax year 2017 to be \$70,552,609, a 5.15% growth over tax year 2016.
- Taxable assessed value of personal property is estimated for tax year 2017 to be \$8,391,516, a 14.01% decrease from tax year 2016, due to adjustments made to more conservatively assess tax on delinquent filers.
- Vehicle taxable assessed value is estimated for tax year 2017 of \$6,081,370, a 14.6% increase over tax year 2016.
- Total Taxable Assessed Value is estimated at \$85,025,495.
- The FY 2018 Recommended Budget includes:
 - estimated inflationary factor allowed by State Law of 3.54% which represents 1.87 mils.
 - The increase in mil value is only applied to the operating mil, raising the operating mil from 52.79 to 54.66
 - The debt mil is recommended to decrease by 1.87 mils – from 20.78 mils to 18.91 mils.
 - Total recommended mil value for FY 2018 is 73.57 mils.
 - Recommended revenue from property taxes factors adjustments to the taxable assessed value based on appeals and other adjustments by the tax assessor and the anticipated collection rate.



General Fund Revenues (Continued)

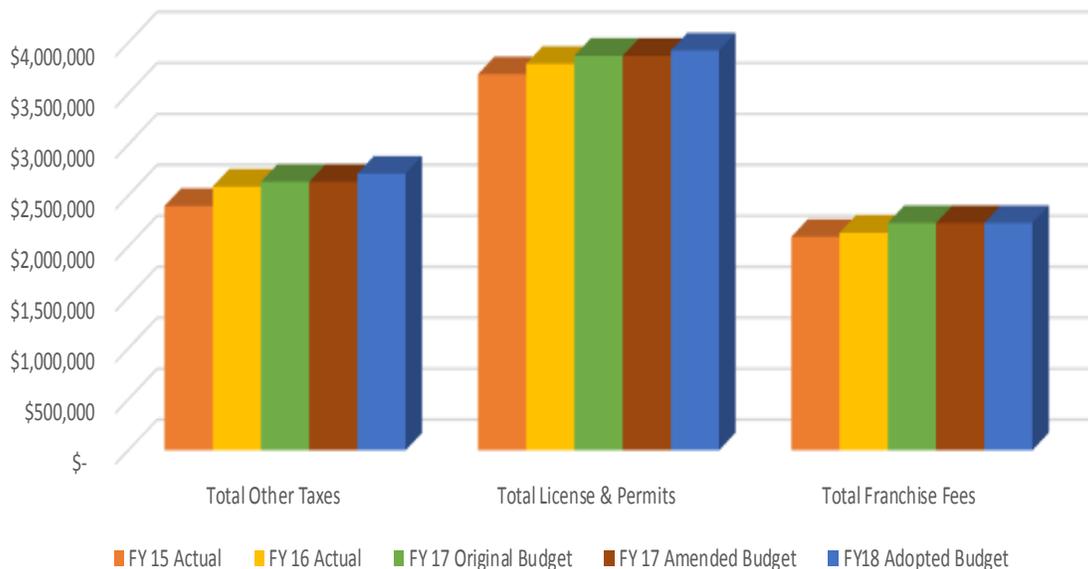
| | FY 15 Actual | FY 16 Actual | FY 17 Original Budget | FY 17 Amended Budget | FY 18 Adopted Budget |
|---------------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|
| <u>Other Taxes</u> | | | | | |
| Hospitality Fee | \$ 1,671,651 | \$ 1,811,024 | \$ 1,850,000 | \$ 1,850,000 | \$ 1,915,000 |
| Local Accommodation Fee | 674,762 | 718,539 | 730,000 | 730,000 | 745,000 |
| State ABC Fee | 51,300 | 58,500 | 55,000 | 55,000 | 55,000 |
| Total Other Taxes | \$ 2,397,713 | \$ 2,588,063 | \$ 2,635,000 | \$ 2,635,000 | \$ 2,715,000 |

Licenses and Permits

| | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Business Licenses | \$ 3,398,261 | \$ 3,473,667 | \$ 3,600,000 | \$ 3,600,000 | \$ 3,600,000 |
| Parade Public Assembly Permits | 100 | 200 | 200 | 200 | 150 |
| Other Fees ZBA and Bar | 22,417 | 22,124 | 20,000 | 20,000 | 23,000 |
| Building Permits | 268,961 | 295,727 | 251,000 | 251,000 | 300,000 |
| Total License & Permits | \$ 3,689,739 | \$ 3,791,718 | \$ 3,871,200 | \$ 3,871,200 | \$ 3,923,150 |

Franchise Fees

| | | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Franchise Contract | \$ 1,420,409 | \$ 1,416,296 | \$ 1,500,000 | \$ 1,500,000 | \$ 1,500,000 |
| BJWSA | 675,412 | 718,586 | 730,243 | 730,243 | 730,243 |
| Total Franchise Fees | \$ 2,095,821 | \$ 2,134,882 | \$ 2,230,243 | \$ 2,230,243 | \$ 2,230,243 |



General Fund Revenues (Continued)

| | FY 15 Actual | FY 16 Actual | FY 17 Original Budget | FY 17 Amended Budget | FY18 Adopted Budget |
|---------------------------------------|---------------------|---------------------|--------------------------|----------------------------|------------------------|
| <u>Intergovernmental</u> | | | | | |
| Bond Court - Hilton Head | \$ 61,500 | \$ 61,500 | \$ 61,500 | \$ 61,500 | \$ 61,500 |
| Bond Court - Bluffton | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 |
| Bond Court - Port Royal | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Fire Services - Port Royal | 772,959 | 802,639 | 864,858 | 864,858 | 1,093,165 |
| State Shared Revenue | 270,576 | 270,576 | 270,000 | 270,000 | 210,000 |
| Federal Grants | 78,236 | 88,513 | 249,914 | 405,914 | 194,750 |
| State Grants | 1,437 | 6,975 | - | 37,064 | - |
| Private Grants | - | 500 | - | - | - |
| Total Intergovernmental | <u>\$ 1,207,708</u> | <u>\$ 1,253,703</u> | <u>\$ 1,469,272</u> | <u>\$ 1,662,336</u> | <u>\$ 1,582,415</u> |
| <u>Charges for Services</u> | | | | | |
| Banner Fees | \$ 3,325 | \$ 6,150 | \$ 4,000 | \$ 4,000 | \$ 4,000 |
| Impact Fees | 1,220 | 1,058 | 1,000 | 1,000 | 2,000 |
| City Development Fee | 2,251 | 6,191 | 3,000 | 3,000 | 20,000 |
| Election Fee | 600 | - | - | - | - |
| Cell Tower | 23,805 | 47,805 | 23,800 | 23,800 | 23,800 |
| Setoff Debt Admin Fee | 175 | 7,713 | 3,000 | 3,000 | - |
| School Resource Officer | 196,527 | 205,530 | 207,890 | 207,890 | 201,291 |
| School Crossing Guards | 30,474 | 27,401 | 42,880 | 42,880 | 75,000 |
| Traffic Signal Mant | 38,977 | 42,002 | 39,000 | 39,000 | 39,000 |
| Administrative Summons | 1,700 | 1,000 | 1,500 | 1,500 | 1,000 |
| Off Duty | 86,451 | 84,655 | 84,000 | 84,000 | 84,000 |
| Tourism Guide Test Fee | 755 | 515 | 500 | 500 | 500 |
| Carriage Fees | 70,860 | 70,910 | 70,000 | 70,000 | 60,000 |
| Tour Vehicle Fee | 1,173 | 3,031 | 2,500 | 2,500 | 2,500 |
| Marina Lease | 134,796 | 162,896 | 142,000 | 142,000 | 150,000 |
| Waterfront Park | 15,018 | 21,730 | 17,900 | 17,900 | 20,000 |
| Storm Water Utility Fee | 838,743 | 873,156 | 843,634 | 843,634 | 855,000 |
| Garbage Residential Fees | 61,992 | 859,180 | 820,000 | 820,000 | 810,000 |
| Garbage Commercial Fees | 947,222 | 10,209 | - | - | - |
| Total Charges for Services | <u>\$ 2,456,064</u> | <u>\$ 2,431,132</u> | <u>\$ 2,306,604</u> | <u>\$ 2,306,604</u> | <u>\$ 2,348,091</u> |
| <u>Fines & Forfeitures</u> | | | | | |
| Police Fines And Forfeitures | \$ 234,863 | \$ 280,883 | \$ 257,000 | \$ 257,000 | \$ 265,000 |
| Parking Fines | 1,190 | 3,612 | 2,500 | 2,500 | 2,500 |
| Victim'S Right Law | 36,052 | 44,357 | 35,000 | 35,000 | 40,000 |
| Total Fines & Forfeitures | <u>\$ 272,105</u> | <u>\$ 328,852</u> | <u>\$ 294,500</u> | <u>\$ 294,500</u> | <u>\$ 307,500</u> |

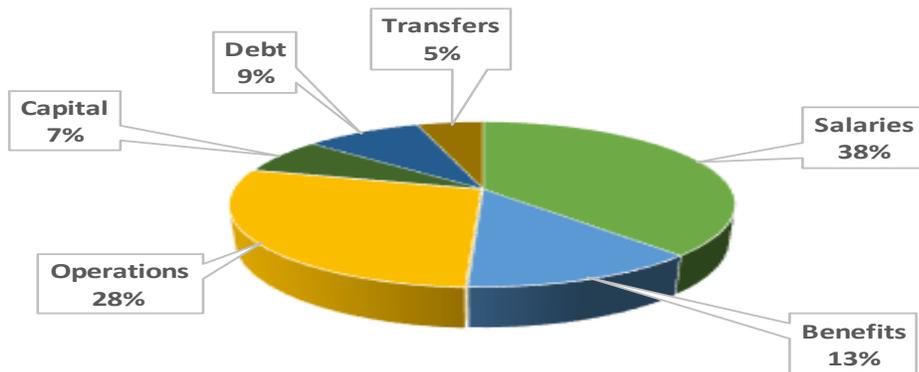
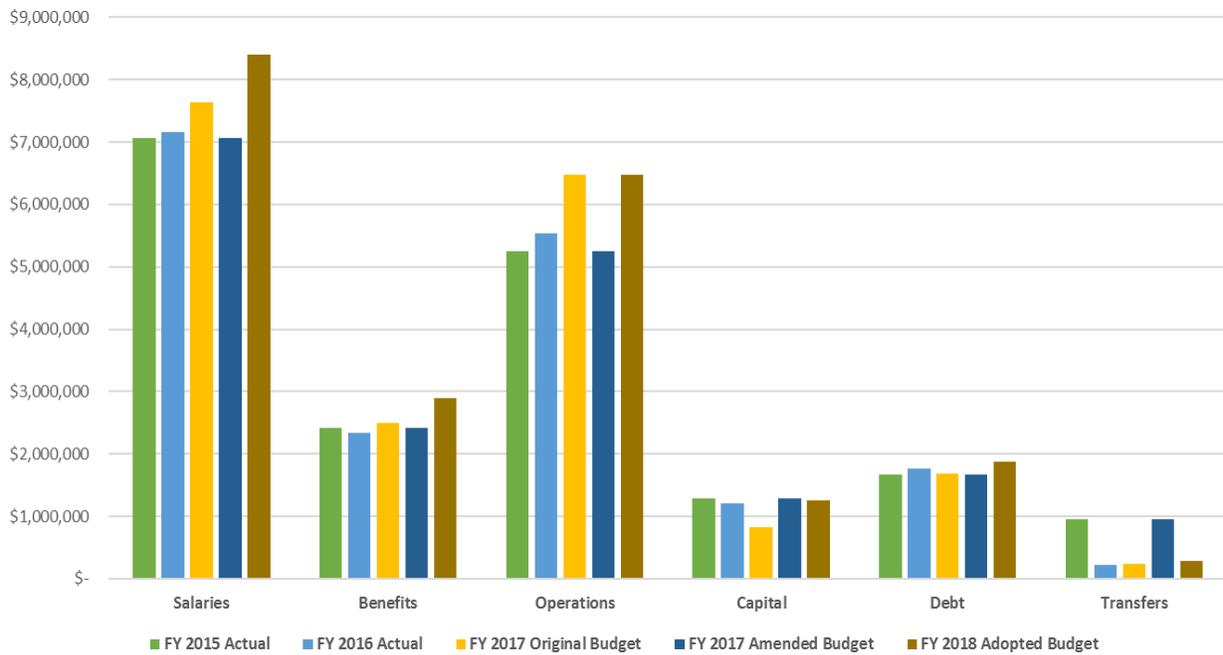
Summary of General Fund Revenue Recommendations

- Increase operating millage rate by 1.87 mils and decrease debt mil by 1.87 mils for a total mil value equal to the FY 2017 rate of 73.57 mils.
- Increase in property taxes is a result of the TIF II tax increment, which expired on June 30, 2017. The increment value has been added to the General Fund tax base, increasing the taxable assessed value by \$9,944,840 and adding approximately \$717,009 to the General Fund revenues.
- No increase in fees.
- Adopt a capital lease replacement program. A capital lease proceeds would be secured at a competitive interest rate to assist in vehicle and heavy equipment replacement needs.
 - The revenue budget contains \$656,560 of capital lease proceeds to assist in purchasing capital equipment needs.
 - In addition, the release of committed fund balance for capital equipment & vehicles totaling \$350,000 is recommended.
 - Lastly, a release of \$215,600 committed fund balance for land is recommended to partially cover the cost of the capital lease payment on 500 Carteret Street.
- City Council and the Redevelopment Commission established goals that require the release of committed fund balance for Redevelopment in order to assist in the accomplishment of those goals. The budget includes a recommendation to release \$159,195 of Committed Fund Balance for Redevelopment and transfer the funds to the Redevelopment Fund.



General Fund Expenditures

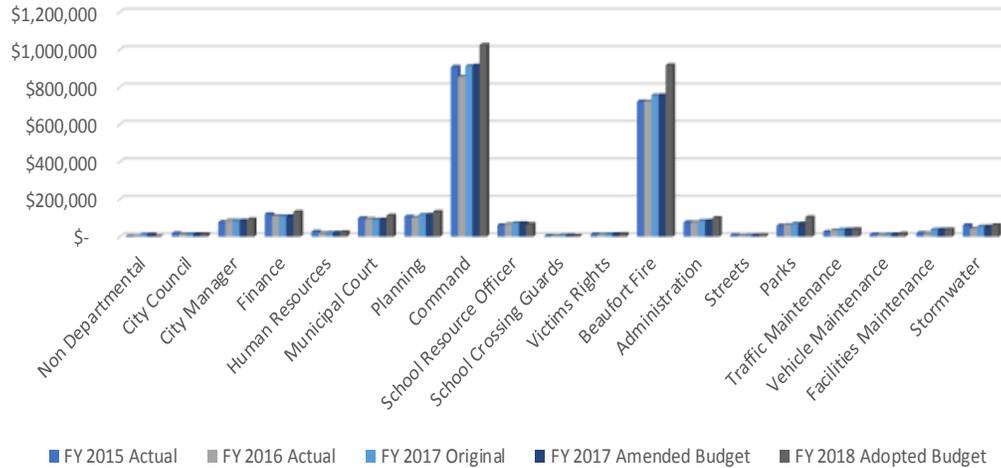
| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|---------------------------|-----------------------|-----------------------|--------------------------------|-------------------------------|-------------------------------|
| Salaries | \$ 7,063,936 | \$ 7,152,827 | \$ 7,641,863 | \$ 7,648,901 | \$ 8,398,139 |
| Benefits | 2,409,691 | 2,329,933 | 2,502,442 | 2,504,618 | 2,894,964 |
| Operations | 5,256,991 | 5,532,132 | 6,476,318 | 6,777,035 | 6,480,846 |
| Capital | 1,288,637 | 1,200,729 | 831,813 | 889,181 | 1,262,732 |
| Debt | 1,675,614 | 1,757,544 | 1,692,405 | 1,692,405 | 1,874,526 |
| Transfers | 945,957 | 216,178 | 243,120 | 393,120 | 288,391 |
| Subtotal Expenditures | \$ 18,640,826 | \$ 18,189,343 | \$ 19,387,961 | \$ 19,905,260 | \$ 21,199,598 |
| Debt Issuance | - | 9,850,831 | - | - | - |
| Total Expenditures | \$ 18,640,826 | \$ 28,040,174 | \$ 19,387,961 | \$ 19,905,260 | \$ 21,199,598 |



Salaries

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget | Change | % Change |
|----------------------------------|----------------|----------------|-------------------------|------------------------|------------------------|--------------|----------|
| General Fund | | | | | | | |
| Non Departmental | \$ - | \$ - | \$ 194,125 | \$ 194,125 | \$ - | \$ (194,125) | -100% |
| City Council | 31,589 | 31,417 | 29,751 | 29,751 | 31,153 | 1,402 | 4.71% |
| City Manager | 283,893 | 281,813 | 299,198 | 299,198 | 322,287 | 23,089 | 7.72% |
| Finance | 353,016 | 395,100 | 384,704 | 384,704 | 455,446 | 70,742 | 18.39% |
| Human Resources | 80,930 | 61,949 | 66,355 | 66,355 | 69,506 | 3,151 | 4.75% |
| Municipal Court | 310,233 | 320,472 | 301,493 | 301,493 | 323,866 | 22,373 | 7.42% |
| Planning | 280,355 | 281,592 | 310,927 | 310,927 | 358,906 | 47,979 | 15.43% |
| Police | | | | | | | |
| Command | 2,573,979 | 2,600,029 | 2,746,135 | 2,753,173 | 3,013,997 | 260,824 | 9.47% |
| School Resource Officer | 202,545 | 196,252 | 179,575 | 179,575 | 176,600 | (2,975) | -1.66% |
| School Crossing Guards | 25,953 | 22,516 | 35,550 | 35,550 | 21,019 | (14,531) | -40.87% |
| Victims Rights | 56,346 | 54,612 | 57,973 | 57,973 | 58,105 | 132 | 0.23% |
| Beaufort Fire | 2,039,189 | 2,148,041 | 2,158,956 | 2,158,956 | 2,512,862 | 353,906 | 16.39% |
| Public Works | | | | | | | |
| Administration | 261,051 | 245,808 | 263,214 | 263,214 | 369,773 | 106,559 | 40.48% |
| Streets | 28,513 | 24,364 | 31,744 | 31,744 | 33,546 | 1,802 | 5.68% |
| Parks | 155,724 | 171,459 | 190,305 | 190,305 | 256,037 | 65,732 | 34.54% |
| Traffic Maintenance | 63,883 | 79,591 | 86,697 | 86,697 | 88,647 | 1,950 | 2.25% |
| Vehicle Maintenance | 39,419 | 33,161 | 37,391 | 37,391 | 38,876 | 1,485 | 3.97% |
| Facilities Maintenance | 86,511 | 71,554 | 116,218 | 116,218 | 158,229 | 42,011 | 36.15% |
| Stormwater | 190,807 | 133,099 | 151,552 | 151,552 | 109,284 | (42,268) | -27.89% |
| Solid Waste | - | - | - | - | - | - | 0.00% |
| Total General Fund Salaries | \$ 7,063,936 | \$ 7,152,829 | \$ 7,641,863 | \$ 7,648,901 | \$ 8,398,137 | \$ 749,236 | 9.80% |
| State Accommodations Fund | | | | | | | |
| Police Command | \$ - | \$ 98,346 | \$ 74,821 | \$ 74,821 | \$ 75,189 | \$ 368 | 0.49% |
| Redevelopment Fund | | | | | | | |
| Police Command | \$ - | \$ - | \$ 32,066 | \$ 32,066 | \$ 32,963 | \$ 897 | 2.80% |
| Downtown Operations | - | - | 18,254 | 18,254 | 36,508 | 18,254 | 100.00% |
| Total Redevelopment Fund | \$ - | \$ - | \$ 50,320 | \$ 50,320 | \$ 69,471 | \$ 19,151 | 38.06% |
| Total Salaries | \$ 7,063,936 | \$ 7,251,175 | \$ 7,767,004 | \$ 7,774,042 | \$ 8,542,797 | \$ 768,755 | 9.89% |

Salaries (Continued)



| <u>General Fund</u> | FY 2015 Actual FTE's | FY 2016 Actual FTE's | FY 2017 Actual FTE's | FY 2018 Adopted FTE's | Change |
|----------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|--------------|
| Non Departmental | - | - | - | - | - |
| City Council | 5.00 | 5.00 | 5.00 | 5.00 | - |
| City Manager | 3.00 | 3.50 | 3.65 | 3.60 | (0.05) |
| Finance | 6.00 | 6.00 | 6.00 | 7.00 | 1.00 |
| Human Resources | 1.67 | 1.17 | 1.17 | 1.17 | - |
| Municipal Court | 7.00 | 7.00 | 6.65 | 7.20 | 0.55 |
| Planning | 5.00 | 5.00 | 6.00 | 6.00 | - |
| Police | | | | | |
| Command | 55.00 | 53.00 | 53.00 | 54.00 | 1.00 |
| School Resource Officer | 3.00 | 4.00 | 3.00 | 3.00 | - |
| School Crossing Guards | 4.00 | 4.00 | 4.00 | 4.00 | - |
| Victims Rights | 1.00 | 1.00 | 1.00 | 1.00 | - |
| Beaufort Fire | 37.00 | 39.00 | 40.00 | 49.50 | 9.50 |
| Public Works | | | | | |
| Administration | 4.00 | 3.00 | 4.00 | 5.40 | 1.40 |
| Streets | 1.00 | 1.00 | 1.00 | 1.00 | - |
| Parks | 6.00 | 6.00 | 6.00 | 7.00 | 1.00 |
| Traffic Maintenance | 3.00 | 2.00 | 2.00 | 2.00 | - |
| Vehicle Maintenance | 1.00 | 1.00 | 1.00 | 1.00 | - |
| Facilities Maintenance | - | 3.00 | 3.50 | 3.50 | - |
| Stormwater | 4.00 | 4.00 | 5.00 | 5.00 | - |
| Solid Waste | - | - | - | - | - |
| Total General Fund Salaries | <u>146.67</u> | <u>148.67</u> | <u>151.97</u> | <u>166.37</u> | <u>14.40</u> |
| <u>State Accommodations Fund</u> | | | | | |
| Police Command | - | 1.00 | 1.00 | 1.00 | - |
| <u>Redevelopment Fund</u> | | | | | |
| Police Command | - | - | 1.00 | 1.00 | - |
| Downtown Operations | - | - | 0.20 | 0.20 | - |
| Total Redevelopment Fund | <u>-</u> | <u>-</u> | <u>1.20</u> | <u>1.20</u> | <u>-</u> |
| Total FTE's | <u>146.67</u> | <u>149.67</u> | <u>154.17</u> | <u>168.57</u> | <u>14.40</u> |

Recommendations on Salary Budgets

- Effective 7/1/2017, Performance Management policy implemented and Merit pool resources are included in the budget. Total Merit Pool resources total \$184,403.
- Longevity increases for employees that meet years of service criteria
 - 2.5% of the employee's pay, paid as a lump sum.
- A 2% increase to the Employer Retirement Contribution was approved by the State Legislature for FY 2018. In addition, vacant positions are budgeted at the maximum employer contribution level for Health and Dental benefits.
- The following changes in personnel are recommended:
 - City Manager department contains:
 - ✓ a part time position (.5 FTE) for a Communications personnel.
 - ✓ The Director of Downtown Operations was created in April 2017 and .40 FTE is included in the budget.
 - ✓ A reduction to the allocation of the Director of Public Facilities from 1 FTE to .20 FTE
 - Finance department requests one (1) additional FTE for MUNIS (ERP) and system enhancements, training, and process improvements.
 - Municipal Court department contains:
 - ✓ A reduction of .80 FTE as the Director of Downtown Operations takes on new responsibilities and oversight of the Municipal Court services is minimized.
 - ✓ A request of one (1) FTE due to the reorganization of personnel.
 - Police Department requests one (1) new position for an Evidence Property Control position.
 - Fire department requests six (6) additional FTE and seven (7) additional part-time FTE's for a total 9.5 FTE's to support the services of the new fire station on Highway 170.
 - Public Works department requests:
 - ✓ One (1) additional FTE for an operations manager and .4 FTE of the Director of Public Facilities allocated to the administration of the department.
 - ✓ Parks division requests 2 part-time personnel equivalent to one (1) FTE.

Benefits

| | <u>FY 2015 Actual</u> | <u>FY 2016 Actual</u> | <u>FY 2017 Original</u> | <u>FY 2017 Amended Budget</u> | <u>FY 2018 Adopted Budget</u> | <u>Change</u> | <u>% Change</u> |
|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------------|-------------------------------|-------------------|-----------------|
| Non Departmental | \$ - | \$ - | \$ 11,118 | \$ 11,118 | \$ - | \$ (11,118) | -100.00% |
| City Council | 17,735 | 13,099 | 13,230 | 13,230 | 12,629 | (601) | -4.54% |
| City Manager | 77,809 | 86,547 | 85,158 | 85,158 | 91,974 | 6,816 | 8.00% |
| Finance | 120,036 | 109,756 | 108,372 | 108,372 | 132,107 | 23,735 | 21.90% |
| Human Resources | 25,921 | 18,578 | 19,759 | 19,759 | 23,714 | 3,955 | 20.02% |
| Municipal Court | 98,221 | 94,900 | 90,299 | 90,299 | 112,109 | 21,810 | 24.15% |
| Planning | 106,460 | 101,875 | 116,220 | 116,220 | 131,179 | 14,959 | 12.87% |
| Police | | | | | | | |
| Command | 907,385 | 854,829 | 911,844 | 914,020 | 1,025,032 | 111,012 | 12.15% |
| School Resource Officer | 61,319 | 67,458 | 72,332 | 72,332 | 66,504 | (5,828) | -8.06% |
| School Crossing Guards | 3,393 | 3,240 | 5,866 | 5,866 | 3,469 | (2,397) | -40.86% |
| Victims Rights | 11,972 | 11,884 | 13,251 | 13,251 | 14,104 | 853 | 6.44% |
| Beaufort Fire | 721,014 | 722,783 | 755,209 | 755,209 | 915,831 | 160,622 | 21.27% |
| Public Works | | | | | | | |
| Administration | 76,393 | 76,047 | 84,018 | 84,018 | 99,820 | 15,802 | 18.81% |
| Streets | 7,667 | 4,670 | 6,133 | 6,133 | 7,261 | 1,128 | 18.39% |
| Parks | 58,023 | 61,728 | 69,011 | 69,011 | 103,005 | 33,994 | 49.26% |
| Traffic Maintenance | 24,621 | 33,014 | 37,607 | 37,607 | 39,184 | 1,577 | 4.19% |
| Vehicle Maintenance | 11,847 | 9,005 | 12,031 | 12,031 | 17,120 | 5,089 | 42.30% |
| Facilities Maintenance | 19,085 | 17,656 | 37,327 | 37,327 | 38,725 | 1,398 | 3.75% |
| Stormwater | 60,790 | 42,864 | 53,657 | 53,657 | 61,197 | 7,540 | 14.05% |
| Solid Waste | - | - | - | - | - | - | 0.00% |
| Total General Fund | <u>\$ 2,409,691</u> | <u>\$ 2,329,933</u> | <u>\$ 2,502,442</u> | <u>\$ 2,504,618</u> | <u>\$ 2,894,964</u> | <u>\$ 390,346</u> | <u>15.59%</u> |
| State Accommodations Fund | | | | | | | |
| Police Command | <u>\$ -</u> | <u>\$ 47,979</u> | <u>\$ 34,911</u> | <u>\$ 34,911</u> | <u>\$ 30,095</u> | <u>\$ (4,816)</u> | <u>-13.80%</u> |
| Redevelopment Fund | | | | | | | |
| Police Command | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,772</u> | <u>\$ 14,772</u> | <u>\$ 12,898</u> | <u>\$ (1,874)</u> | <u>-12.69%</u> |
| Downtown Operations | <u>-</u> | <u>-</u> | <u>4,308</u> | <u>4,308</u> | <u>9,347</u> | <u>5,039</u> | <u>116.97%</u> |
| Total Redevelopment Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,080</u> | <u>\$ 19,080</u> | <u>\$ 22,245</u> | <u>\$ 3,165</u> | <u>16.59%</u> |
| Total Benefits | <u>\$ 2,409,691</u> | <u>\$ 2,377,912</u> | <u>\$ 2,556,433</u> | <u>\$ 2,558,609</u> | <u>\$ 2,947,304</u> | <u>\$ 388,695</u> | <u>15.19%</u> |

General Fund Expenditures by Department

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original | FY 2017 | FY 2018 | | |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------|
| | Expenditures | Expenditures | Budget | Amended | Adopted | Change | % Change |
| | | | | Budget | Budget | | |
| <u>NonDepartmental</u> | | | | | | | |
| Salaries | \$ - | \$ - | \$ 194,125 | \$ 194,125 | \$ - | \$ (194,125) | -100.0% |
| Benefits | - | - | 11,118 | 11,118 | - | (11,118) | -100.0% |
| Operations | 39,498 | 44,254 | 144,877 | 145,591 | 124,249 | (21,342) | -14.7% |
| Capital | - | 527,071 | 434,241 | 434,241 | 325,680 | (108,561) | -25.0% |
| Debt | - | - | - | - | 125,800 | 125,800 | 100.0% |
| Transfers Out | 680,415 | - | - | - | 159,193 | 159,193 | 100.0% |
| Total NonDepartmental | \$ 719,913 | \$ 571,325 | \$ 784,361 | \$ 785,075 | \$ 734,922 | \$ (50,153) | -6.4% |
| <u>City Council</u> | | | | | | | |
| Salaries | \$ 31,592 | \$ 31,417 | \$ 29,751 | \$ 29,751 | \$ 31,153 | \$ 1,402 | 4.7% |
| Benefits | 17,735 | 13,099 | 13,231 | 13,231 | 12,630 | (601) | -4.5% |
| Operations | 409,779 | 214,588 | 129,527 | 129,527 | 120,757 | (8,770) | -6.8% |
| Capital | - | 522,269 | - | - | - | | 0.0% |
| Total City Council | \$ 459,106 | \$ 781,373 | \$ 172,509 | \$ 172,509 | \$ 164,540 | \$ (7,969) | -4.6% |
| <u>City Manager</u> | | | | | | | |
| Salaries | \$ 283,893 | \$ 281,813 | \$ 299,198 | \$ 299,198 | \$ 322,287 | \$ 23,089 | 7.7% |
| Benefits | 77,809 | 86,547 | 85,158 | 85,158 | 91,974 | 6,816 | 8.0% |
| Operations | 78,967 | 134,374 | 78,857 | 78,857 | 43,117 | (35,740) | -45.3% |
| Total City Manager | \$ 440,669 | \$ 502,734 | \$ 463,213 | \$ 463,213 | \$ 457,378 | \$ (5,835) | -1.3% |
| <u>Finance & Information Technology</u> | | | | | | | |
| Salaries | \$ 353,015 | \$ 395,099 | \$ 384,704 | \$ 384,705 | \$ 455,446 | \$ 70,741 | 18.4% |
| Benefits | 120,036 | 109,756 | 108,372 | 108,372 | 132,107 | 23,735 | 21.9% |
| Operations | 426,927 | 534,423 | 663,963 | 689,688 | 676,170 | (13,518) | -2.0% |
| Total Finance | \$ 899,978 | \$ 1,039,278 | \$ 1,157,039 | \$ 1,182,765 | \$ 1,263,723 | \$ 80,958 | 6.8% |

General Fund Expenditures by Department (Continued)

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original | FY 2017 Amended | FY 2018 Adopted | Change | % Change |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|--------------|
| | <u>Expenditures</u> | <u>Expenditures</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | | |
| <u>Human Resources</u> | | | | | | | |
| Salaries | \$ 80,930 | \$ 61,949 | \$ 66,355 | \$ 66,355 | \$ 69,506 | \$ 3,151 | 4.7% |
| Benefits | 25,921 | 18,578 | 19,759 | 19,759 | 23,714 | 3,955 | 20.0% |
| Operations | 38,829 | 91,665 | 78,457 | 78,457 | 83,912 | 5,455 | 7.0% |
| Total Human Resources | \$ 145,680 | \$ 172,192 | \$ 164,571 | \$ 164,571 | \$ 177,132 | \$ 12,561 | 7.6% |
| <u>Municipal Court</u> | | | | | | | |
| Salaries | \$ 310,233 | \$ 320,473 | \$ 301,493 | \$ 301,493 | \$ 323,866 | \$ 22,373 | 7.4% |
| Benefits | 98,221 | 94,900 | 90,299 | 90,299 | 112,109 | 21,810 | 24.2% |
| Operations | 44,196 | 43,401 | 50,533 | 50,533 | 60,655 | 10,122 | 20.0% |
| Total Municipal Court | \$ 452,650 | \$ 458,774 | \$ 442,325 | \$ 442,325 | \$ 496,630 | \$ 54,305 | 12.3% |
| <u>Planning</u> | | | | | | | |
| Salaries | \$ 280,355 | \$ 281,591 | \$ 310,927 | \$ 310,927 | \$ 358,906 | \$ 47,979 | 15.4% |
| Benefits | 106,460 | 101,875 | 116,220 | 116,220 | 131,179 | 14,959 | 12.9% |
| Operations | 310,224 | 214,321 | 241,847 | 241,847 | 329,272 | 87,425 | 36.1% |
| Total Planning | \$ 697,039 | \$ 597,787 | \$ 668,994 | \$ 668,994 | \$ 819,357 | \$ 150,363 | 22.5% |
| <u>Police</u> | | | | | | | |
| Salaries | \$ 2,858,823 | \$ 2,873,407 | \$ 3,019,233 | \$ 3,026,270 | \$ 3,269,721 | \$ 243,451 | 8.0% |
| Benefits | 984,068 | 937,411 | 1,003,293 | 1,005,469 | 1,109,108 | 103,639 | 10.3% |
| Operations | 626,124 | 671,977 | 716,027 | 765,739 | 776,198 | 10,459 | 1.4% |
| Capital Outlay | 391,266 | 123,927 | 191,072 | 219,711 | 391,000 | 171,289 | 78.0% |
| Total Police | \$ 4,860,281 | \$ 4,606,722 | \$ 4,929,625 | \$ 5,017,189 | \$ 5,546,027 | \$ 528,838 | 10.5% |

General Fund Expenditures by Department (Continued)

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original | FY 2017 Amended | FY 2018 Adopted | Change | % Change |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|----------|
| | <u>Expenditures</u> | <u>Expenditures</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | | |
| <u>Fire</u> | | | | | | | |
| Salaries | \$ 2,039,188 | \$ 2,148,042 | \$ 2,158,956 | \$ 2,158,956 | \$ 2,512,862 | \$ 353,906 | 16.4% |
| Benefits | 721,014 | 722,783 | 755,209 | 755,209 | 915,831 | 160,622 | 21.3% |
| Operations | 695,287 | 726,443 | 1,187,065 | 1,187,067 | 1,056,354 | (130,713) | -11.0% |
| Capital Outlay | 780,522 | - | 16,000 | 16,000 | 266,952 | 250,952 | 1568.5% |
| Debt | - | 83,616 | 83,617 | 83,617 | 83,617 | - | 0.0% |
| Transfer Out | - | 7,351 | - | - | - | - | 0.0% |
| Total Fire | <u>\$ 4,236,011</u> | <u>\$ 3,688,235</u> | <u>\$ 4,200,847</u> | <u>\$ 4,200,849</u> | <u>\$ 4,835,616</u> | <u>\$ 634,767</u> | 15.1% |
| <u>Public Works</u> | | | | | | | |
| Salaries | \$ 825,907 | \$ 759,036 | \$ 877,121 | \$ 877,121 | \$ 1,054,392 | \$ 177,271 | 20.2% |
| Benefits | 258,427 | 244,984 | 299,783 | 299,783 | 366,312 | 66,529 | 22.2% |
| Operations | 2,587,160 | 2,856,686 | 3,185,165 | 3,409,729 | 3,210,162 | (199,567) | -5.9% |
| Capital Outlay | 116,849 | 27,462 | 190,500 | 219,229 | 279,100 | 59,871 | 27.3% |
| Debt | 309,098 | 309,098 | 309,098 | 309,098 | 309,059 | (39) | 0.0% |
| Transfer Out | 265,542 | 208,827 | 243,120 | 393,120 | 129,198 | (263,922) | -67.1% |
| Total Public Works | <u>\$ 4,362,983</u> | <u>\$ 4,406,093</u> | <u>\$ 5,104,787</u> | <u>\$ 5,508,080</u> | <u>\$ 5,348,223</u> | <u>\$ (159,857)</u> | -2.9% |
| <u>General Obligation Debt</u> | | | | | | | |
| Principal | \$ 830,000 | \$ 855,000 | \$ 925,000 | \$ 925,000 | \$ 960,000 | \$ 35,000 | 3.8% |
| Interest | 536,516 | 509,830 | 374,690 | 374,690 | 396,050 | 21,360 | 5.7% |
| Debt Refunding | - | 9,850,831 | - | - | - | - | 0.0% |
| Total General Obligation Debt | <u>\$ 1,366,516</u> | <u>\$ 11,215,661</u> | <u>\$ 1,299,690</u> | <u>\$ 1,299,690</u> | <u>\$ 1,356,050</u> | <u>\$ 56,360</u> | 4.3% |
| Total General Fund Expenditures | <u><u>\$ 18,640,826</u></u> | <u><u>\$ 28,040,174</u></u> | <u><u>\$ 19,387,961</u></u> | <u><u>\$ 19,905,260</u></u> | <u><u>\$ 21,199,598</u></u> | <u><u>\$ 1,294,338</u></u> | 6.5% |

General Fund Expenditure Summary

- The non-departmental budget contains the estimated debt payment on the capital lease proceeds, with an estimated interest rate of 1.75% for five (5) years.
- The non-departmental budget contains the transfer out of the funds released from Committed Fund Balance for Redevelopment that will be transferred to the Redevelopment Fund for the achievement of Council initiatives.
- City Ordinance requires a distribution of 4.4% of the Local Hospitality funds be remitted to the Beaufort County Chamber of Commerce to assist in market efforts that promote the City as a travel destination. The budget contains a recommendation to amend the Ordinance and increase the percentage to 5%.
 - This equals \$95,750 at 5% instead of \$84,260 under the current Ordinance.
- Each department presented their detail Goals and Initiatives, as well as their current year accomplishments and barriers to achieving them to City Council. These goals and initiatives are linked to the adopted Strategic Plan of City Council in order to achieve the goals established. Please consult those presentations for the detail supporting the recommended budget of each department.



City Council, City Manager, and Human Resources Departments

Department Mission Statements

The mission of **City Council** is to provide visionary leadership in policy making to enable the City to provide quality services at reasonable cost to all our citizens.

The mission of the **City Manager** department is to provide effective leadership and direction in the administration of policies established by the Mayor and City Council and to oversee, coordinate, and supervise the efficient operation and customer services provided by all City departments.

The mission of the **Human Resources** department is to partner with departments and employees to hire, compensate, train, support and develop a diverse workforce that is dedicated to the delivery of high-quality services to each other and to the community.

Recent City Council Performance Accomplishments

- Implementation of Novus Agenda system
- Received input from commissions and neighborhood groups on important goals.
- Active sub-committees with Redevelopment Commission
- Established the Strategic Plan for next 2 years
- Played key roles in handling Hurricane Matthew
- Defended the need to have legislature leave Business License laws alone
- Approved several key annexations
- Worked with federal government to obtain National Parks monument
- Passed Ordinances to better serve the needs of the City

Recent City Manager Performance Accomplishments

- Continued to build relationships with other government and civic organizations.
- Actively involved with Redevelopment Commission and grant application
- Reorganized staff responsibilities to align with Strategic Plan
- Lead organizational cultural shift to performance management system
- Lead customer service improvement initiatives
- Achieved budget goals and objectives

Recent Human Resources Performance Accomplishments

- Implemented New Hire Employee Recognition through meet and greet with City Council members during regularly scheduled City Council worksessions.
- Updated and distributed new Employee Handbook.
- Developed a Performance Management evaluation system, effective July 1, 2017.
- Conducted Performance Review training with Department Heads.
- Worked with Finance on streamlining the Human Resource and Payroll internal operations.
- Completed the wage-salary comparison
- In collaboration with Finance – deployed Employee Self Service.
- Monitored and managed Workmen Compensation claims.

Performance Measurements to Track Recent City Council Accomplishments:

- Ordinances passed
- Citizen complaints
- Active Redevelopment Commission and subcommittee's

Performance Measurements to Track Recent City Manager Accomplishments

- Improved Community relations
- Operational performance and management of budget
- Employee turnover rate
- Growth of City commercial businesses

Performance Measurements to Track Recent Human Resources Accomplishments

- Employee Handbook feedback
- Workmen's Compensation rates remain at current level.
- Wage salary comparison shows that the City's wage rates are competitive in the area job market.
- The Human Resources and Payroll process is running more smoothly.
- Health and Dental benefit premiums remain stable.
- Employees are actively using Employee Self Service.

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- System enhancement in several departments
- Strategic Planning for the long-term
- Complete analysis of infrastructure, stormwater, sidewalks and road needs.
- Economic Development opportunities in Commerce Park

Current City Council Performance Initiatives

- Annexations
- Job Creation at reasonable wage levels
- Economic Development
- Improved Communications
- Parking facility needs and possibilities
- Marina & Park Improvements
- Hurricane Preparedness
- Public Safety Improvements – staffing and new fire station
- Pursue the ability to have a Local Option Sales Tax

Current City Manager Performance Initiatives

- Pursue economic development opportunities in Commerce Park
- Continues leadership and oversight in achieving Strategic Plan goals for 2017 – 2019
- Professional Development of staff
- Strategic Planning and synchronization of all operational activities
- Continue to improve customer services
- Oversight of budget
- Develop and implement a communications plan

Current Human Resources Performance Initiatives

- Professional development

Key Goals and New Initiatives for City Council in Fiscal Year 2018

- Encourage sustainable economic growth **(Strategic Goal 1)**
- Follow up on Communications plan **(Strategic Goal 2)**
- Balance tourism and hometown needs **(Strategic Goal 3)**
- Work on program for In-Fill growth in the greater downtown area **(Strategic Goal 4)**
- Create and coordinate opportunities for affordable housing **(Strategic Goal 5)**

Key Goals and New Initiatives for City Manager in Fiscal Year 2018

- Oversight of budget and goals established for the City as a whole. **(Strategic Goal 2)**
- Active participation with redevelopment and economic opportunities. **(Strategic Goal 1)**
- Continued relationship building with constituents in the private and public sector and our legislative delegates. **(Strategic Goal 1 and 2)**
- Oversight of goals in Strategic Plan for 2017 – 2019 **(Strategic Goal 1, 2, 3, 4 and 5)**

Key Goals and New Initiatives for Human Resources in Fiscal Year 2018

- Implement Employee Recognition Program. **(Strategic Goal 2)**
- Streamline new hire process. **(Strategic Goal 2)**
- Work with Technical College of the Low Country and University of South Carolina, Beaufort to develop an internship program. **(Strategic Goal 2)**
- Continue to work on customer service initiatives. **(Strategic Goal 2)**
- Continue to develop an ambassador program with new hires. **(Strategic Goal 2)**
- Continue to monitor the Risk Management program and work with Committee. **(Strategic Goal 2)**

Customer Service Initiatives

- Staff awareness of all goals in the Strategic Plan
- Survey will be conducted of park and marina users to measure satisfaction
- Streamlining our development review process
- Measurement of number of days complaints are addressed and resolved. Expectation of 2 day turnaround.
- Public safety will continue to build and expand community projects.

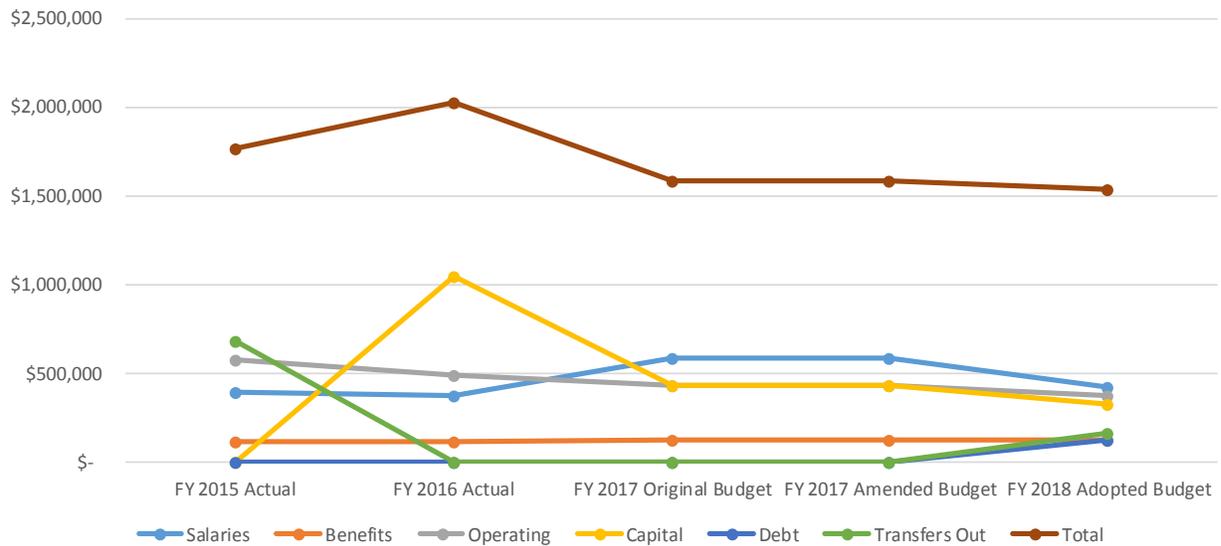
Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- Resources in the Human Resource budget to pay for professional development and leadership programs for personnel.
- Resources in support of establishing internship programs.

Department Expenditures

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|---------------------------|---------------------|---------------------|-------------------------|------------------------|------------------------|
| Department Summary | | | | | |
| Non-departmental | \$ 719,913 | \$ 571,326 | \$ 784,361 | \$ 785,075 | \$ 734,922 |
| City Council | 459,106 | 781,375 | 172,509 | 172,509 | 164,538 |
| City Manager | 440,669 | 502,734 | 463,213 | 463,213 | 457,378 |
| Human Resources | 145,680 | 172,192 | 164,571 | 164,571 | 177,132 |
| Total | <u>\$ 1,765,368</u> | <u>\$ 2,027,627</u> | <u>\$ 1,584,654</u> | <u>\$ 1,585,368</u> | <u>\$ 1,533,970</u> |

| Category | | | | | |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Salaries | \$ 396,416 | \$ 375,181 | \$ 589,428 | \$ 589,428 | \$ 422,944 |
| Benefits | 115,138 | 117,395 | 129,266 | 129,266 | 128,318 |
| Operating | 573,399 | 485,711 | 431,719 | 432,433 | 372,035 |
| Capital | - | 1,049,340 | 434,241 | 434,241 | 325,680 |
| Debt | - | - | - | - | 125,800 |
| Transfers Out | 680,415 | - | - | - | 159,193 |
| Total | <u>\$ 1,765,368</u> | <u>\$ 2,027,627</u> | <u>\$ 1,584,654</u> | <u>\$ 1,585,368</u> | <u>\$ 1,533,970</u> |



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Securing a Capital Lease for \$656,000 to assist in acquiring vehicles and heavy equipment and leverage city finances that will require a lease payment of approximately \$125,800 annually for five (5) years.
- Releasing \$159,195 of Committed Fund Balance for Redevelopment and transferring the resources to the Redevelopment Fund to achieve FY 2018 City Council and Redevelopment Commission goals.





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Finance Department

Department Mission Statement

In a spirit of excellence, integrity, and dedication, the Finance Department is committed to providing timely, accurate, clear and complete information and support to other city departments, citizens, and the community at large; to develop fiscal policies that ensure a financially strong and effective city government; to implement financial policies and procedures that are consistently monitored and reviewed to maintain fiscal integrity; to ensure that generally accepted accounting standards are followed and appropriate internal controls are in place to safeguard City assets; and to maintain a secure and reliable technological infrastructure.

Recent Finance Performance Accomplishments

- Successful upgraded to the City's Enterprise Resource Planning (ERP) system - version 10.5 and implemented enhanced capabilities.
- Received the Certificate of Excellence in Financial Reporting for fiscal year 2016. This is the 9th consecutive year the City has received this prestigious award.
- Successfully implemented Online payment system for Business License, local hospitality and accommodations payments.
- Completed the Business License Ordinance amendments and study on Business License rates, enhancing incentives for business customers through discounts.
- Enhanced transparency through quarterly narratives that compliment the quarterly financial data through Open Gov.
 - Increased activity on portal by 45% - Average of 30 visits per month in FY 2016 to 44 visits per month in FY 2017.
- Implemented monthly "Lunch and Learns" to enhance internal customers understanding and knowledge of the ERP system.
- Rolled out the employee self service – online portal for employees and their payroll and employee data.

Recent Information Technology Performance Accomplishments

- Completed upgrade to the telephone system.
- Replaced several routers and switches that were outdated and unsupported.
- Completed the migration of our Storage Area Network to new system. Old system was at end of life.
- Completed migration of all users to a single platform - Microsoft Office 365 applications.
- Enhanced the City's Firewall for better protection.
- Moved our internet service provider demarcation from the Fire Department Headquarters to the Network Operation Center.
- Replaced Jet Packs in all police vehicles and migrated all police vehicles to Spillman.
- Worked with Police and Public Works in installing the downtown camera system.

Performance Measurements to Track Recent Accomplishments

- Customer feedback
- Activity tracking on transparency portal
- Internal feedback

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- Many of the system enhancements to the ERP system have opened opportunities to greater functionality and streamlining many of the City's essential processes – both internal and external customers. During fiscal year 2017, process improvement initiatives were started for online Business Licenses payment processing, Human Resources & Payroll modules enhancements and the Permit & Code enhancement, including the online permit and payment portal. Completion of these initiatives was hampered by staff constraints and the time demands related to implementation.

Current Performance Initiatives

- Ensure complete implementation of the online Business License payment processing, making adjustments where necessary to ensure ease of use. As part of that implementation, customer service training will be provided to all stakeholders over the course of the first month following the 'Go Live' date. **Status - Completed**
- Assist Planning Department in re-implementation of the Permits and Codes module within Munis to aid them in automating their process as part of the process improvement initiative. **Status - In Progress**
- Implement online permit application and payment process. **Status – moved to FY 2018**
- Create quarterly narrative to support the quarterly financials through Open Gov. **Status – Completed and on going**
- Internal Training on various Munis reports, functionality and capabilities. **Status – Completed and on going**
- Review of Procurement Ordinance and Policies regarding RFP/RFQ process and Sale of Used Equipment. **Status – moved to FY 2018**

| Key Performance Indicators | FY 16 Actual | FY 17 Estimate | FY 18 Estimate |
|-----------------------------|--------------|----------------|----------------|
| Online Business Customers | - | 149 | 300 |
| Users on Transparency Model | 30 | 87 | 110 |
| Online payments processed | - | 1,240 | 1,500 |

Key Goals and New Initiatives for Fiscal Year 2018

- Continue working with the Planning Department with ERP enhancements to the Permitting & Code Enforcement process. **(Strategic Goal 1)**
- Develop additional reporting tools for increased transparency to internal and external customers. **(Strategic Goal 2)**
- Complete the implementation of leave accrual requests through the online employee portal. **(Strategic Goal 2)**
- Implement work order module and online citizen reporting system. **(Strategic Goal 1, 2 and 4)**
- Review Ordinance on Hospitality and Accommodations Taxes, and make recommendations to City Council. **(Strategic Goal 3)**
- Continue the multi year plan to stabilize and enhance the City's network infrastructure, including internal and external Wi-Fi capabilities, and mobile device accessibility. **(Strategic Goal 1 and 2)**
- Quarterly review of financial position and evaluation of financial opportunities that leverage resources. **(Strategic Goal 1, 2, 3, 4 and 5)**

Customer Service Initiatives

- Continued training and education opportunities on the various reporting tools available to management.

Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- Additional FTE for support of the MUNIS ERP System enhancements.

Department Expenditures

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|--|-------------------|-------------------|-------------------------------|------------------------------|------------------------------|
|--|-------------------|-------------------|-------------------------------|------------------------------|------------------------------|

Department Summary

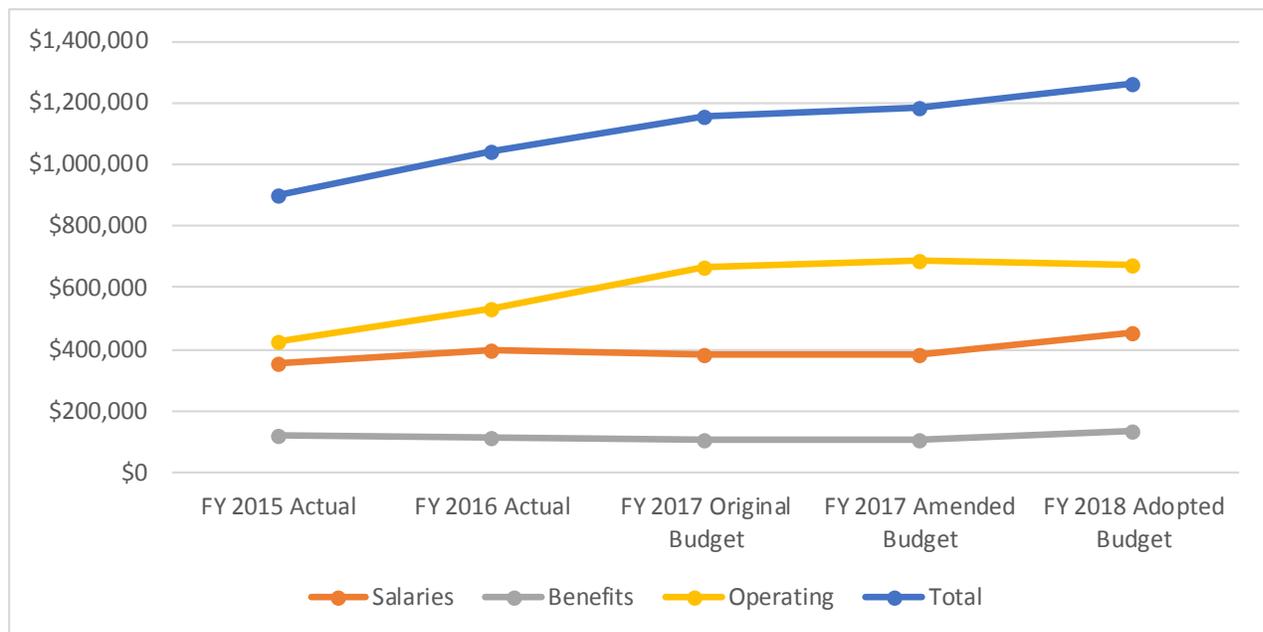
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|-------------------------------|------------|------------|------------|------------|------------|
| Finance | \$ 571,973 | \$ 671,266 | \$ 667,979 | \$ 682,829 | \$ 772,917 |
| Information Technology | 328,005 | 368,012 | 489,060 | 499,936 | 490,806 |

| | | | | | |
|--------------|---------|-----------|-----------|-----------|-----------|
| Total | 899,978 | 1,039,278 | 1,157,039 | 1,182,765 | 1,263,723 |
|--------------|---------|-----------|-----------|-----------|-----------|

Category

| | | | | | |
|------------------|------------|------------|------------|------------|------------|
| Salaries | \$ 353,015 | \$ 395,099 | \$ 384,704 | \$ 384,705 | \$ 455,446 |
| Benefits | 120,036 | 109,756 | 108,372 | 108,372 | 132,107 |
| Operating | 426,927 | 534,423 | 663,963 | 689,688 | 676,170 |

| | | | | | |
|--------------|------------|--------------|--------------|--------------|--------------|
| Total | \$ 899,978 | \$ 1,039,278 | \$ 1,157,039 | \$ 1,182,765 | \$ 1,263,723 |
|--------------|------------|--------------|--------------|--------------|--------------|



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Demand for increased functionality of the ERP system through implementation of enhancements that will provide the needed management oversight and tracking has placed the need for an additional personnel in the Finance Department dedicated to the ERP System.



Municipal Court Department

Department Mission Statement

The mission of the Municipal Court is to promote justice and provide prompt, courteous service in an efficient, professional manner while being dedicated to the principals of impartiality, fairness, and integrity.

Recent Performance Accomplishments

- Set off debt and online public records continue to be valuable tools to collect outstanding fines.
- Policies have been developed for the Police Department's electronic ticketing system and continues to be improved as problems arise.
- Hosted and launched quarterly meetings with other Municipal Courts to create solidarity and consistency in the 14th Circuit Municipal judiciary.

Performance Measurements to Track Recent Accomplishments

- Collected 2.5% of the \$362,898 of allowable outstanding fines entered into Municipal Association of South Carolina's setoff debt system.
- Collected 7.9% of old outstanding fines on updated cases.
- Estimated number of cases disposed and processed in Fiscal Year 2017 will be 6,323.

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- Archiving or charging documents for this year has not been completed.
- Auditing of scanned documents continues to be a challenge due to time constraints and complexity.

Current Performance Initiatives

- Enhance customer service by cultivating a departmental philosophy (**Strategic Goal 2**)
- Continue to explore ways to enhance and maximize participants' experience with the department as motivated employees who engage their community (**Strategic Goal 3**)
- Decrease outstanding court fines from previous years.

| Key Performance Indicators | FY 16 Actual | FY 17 Estimate | FY 18 Estimate |
|----------------------------|--------------|----------------|----------------|
| Court Cases | 7,502 | 6,323 | 6,684 |
| Bond Court Cases | 3,793 | 3,818 | 4,200 |

Key Goals and New Initiatives for Fiscal Year 2018

- Promote strategic plan goal #3 by developing ideas to engage public interest.
- Review and update security plan and procedures.

Customer Service Initiatives

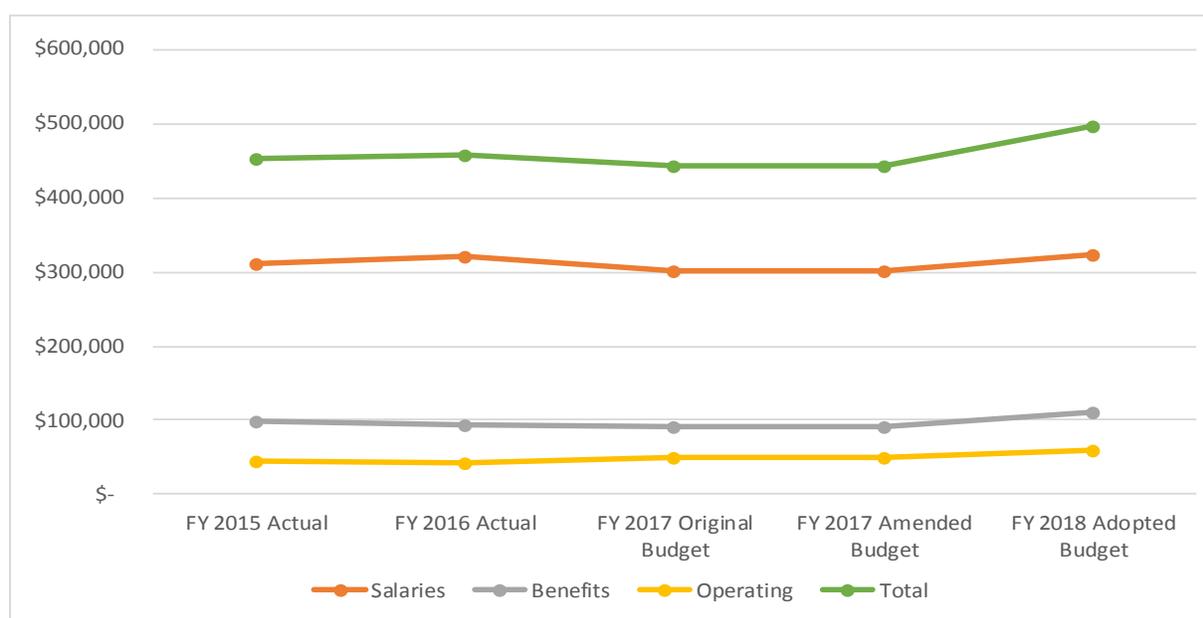
- Implementation of a monitoring and reporting system of customer feedback to track team member's customer service awareness
- Establish and launch customer service initiative similar to the Apple customer service model.

Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- Add a Court Clerk II to the staff due to restructuring of current staff.
- Engage in "Happy or Not" Services to monitor customer satisfaction.
- Issue RFP and contract with an attorney to represent indigent defendants in Municipal Court due to a State Mandate.

Department Expenditures

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|------------------|-------------------|-------------------|-------------------------------|------------------------------|------------------------------|
| Category | | | | | |
| Salaries | \$ 310,233 | \$ 320,473 | \$ 301,493 | \$ 301,493 | \$ 323,866 |
| Benefits | 98,221 | 94,900 | 90,299 | 90,299 | 112,109 |
| Operating | 44,196 | 43,401 | 50,533 | 50,533 | 60,655 |
| Total | <u>\$ 452,650</u> | <u>\$ 458,774</u> | <u>\$ 442,325</u> | <u>\$ 442,325</u> | <u>\$ 496,630</u> |



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Contractual Services – addition of Attorney for indigent defense



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Planning Department

Department Mission Statement

The mission of the Department of Planning is to preserve and enhance the quality of life in the City of Beaufort. To that end, the Department develops, implements, and enforces plans, programs, policies, and regulations; provides guidance on development proposals; reviews development plans; staffs citizen boards; conducts research; and develops recommendations on planning-related issues for elected and appointed officials.

We strive to provide planning and development information in a timely, courteous, and easily understandable manner to our customers that include residents, property owners, neighborhoods, developers, and businesses and local officials. The Department focuses on the long term, keeping the interests of the general public at the forefront of all we do.

Recent Performance Accomplishments

- Finalized draft Beaufort Development Code and Regulating Plan; process included numerous public and stakeholder meetings
- Lady's Island Transportation Study
- Hurricane Matthew Damage Assessment—336 structures surveyed
- Completed Secession Area annexation—largest annexation of developed property
- Short Term Rental Task Force—proposed ordinance revisions
- Implemented smooth transition in park reservation system from City Clerk's Office to Planning Department
- Assisted in moving Allison Road project forward—ROW certification, utility no cost letters

Performance Measurements to Track Recent Accomplishments

- Track number and type of all applications that are submitted

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- We continue to work on streamlining the development review process. Our goal is to have a completely electronic plan review system. This will require new software that is not included in the FY 18 budget request.

Current Performance Initiatives

- Fully implement Munis Permit and Code Enforcement module
- Ensure a smooth transition from UDO to new Beaufort Code (new forms, new checklists, customer education)
- Assist in getting Allison Road project under construction
- Assist in getting Greenlawn Drive streetscape to permitting stage
- Prepare for 5-year Community Rating Service (floodplain management) review

| Key Performance Indicators | FY 16 Actual | FY 17 Estimate | FY 18 Estimate |
|--------------------------------|--------------|----------------|----------------|
| Design Review Board | 21 | 28 | 30 |
| Historic District Review Board | 43 | 47 | 45 |
| New Single-Family Dwellings | 24 | 35 | 35 |
| New Commercial Buildings | 7 | 9 | 11 |
| Zoning Board of Appeals Cases | 35 | 23 | 25 |
| Annexation Petitions | 2 | 5 | 5 |

Key Goals and New Initiatives for Fiscal Year 2018

- Complete Munis Permits and Code Enforcement Implementation (**Strategic Goal 4 and 5**)
- Assist in getting Allison Road project under construction (**Strategic Goal 3 and 4**)
- Assist in getting Greenlawn Drive streetscape to permitting stage (**Strategic Goal 1 and 3**)
- Prepare for 5-year Community Rating System review (flood insurance) (**Strategic Goal 1**)

Customer Service Initiatives

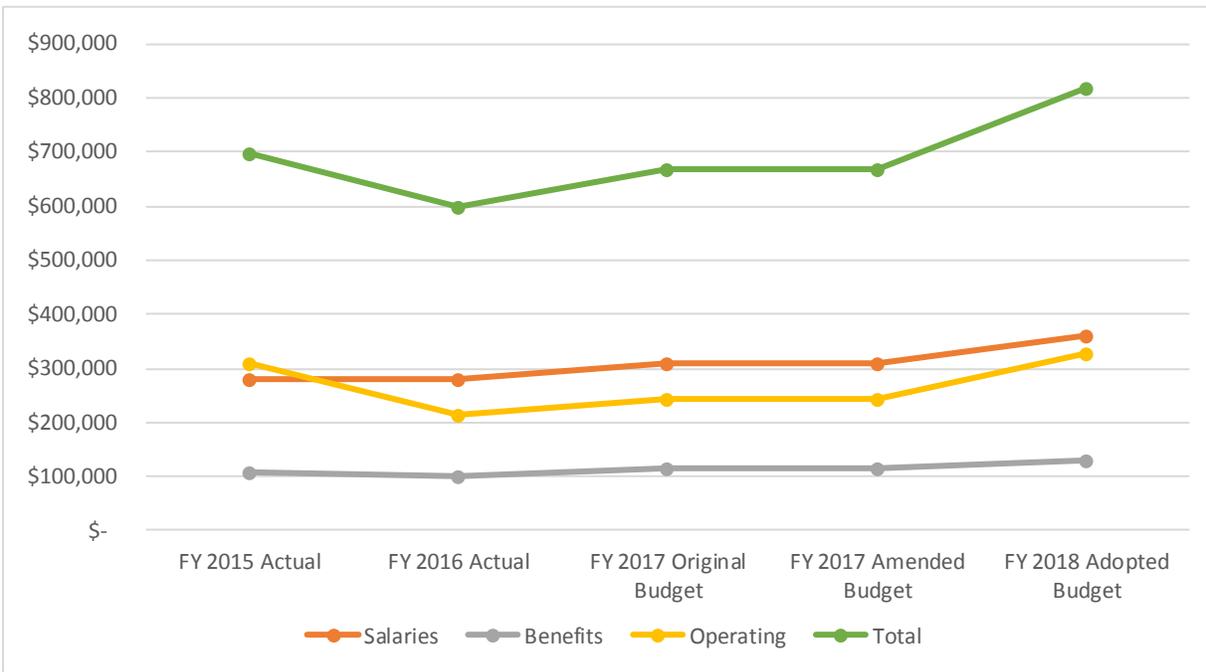
- Hire and train Development Review Coordinator
- Implement Munis Citizen Self Service- Applicants can submit plans digitally and pay online
- Ideally, electronic plan review

Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- Purchase of supplies and technology for new planning position approved in FY17 budget, but not yet filled.

Department Expenditures

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|------------------|---------------------------|---------------------------|--|---------------------------------------|---------------------------------------|
| Category | | | | | |
| Salaries | \$ 280,355 | \$ 281,591 | \$ 310,927 | \$ 310,927 | \$ 358,906 |
| Benefits | 106,460 | 101,875 | 116,220 | 116,220 | 131,179 |
| Operating | 310,224 | 214,321 | 241,847 | 241,847 | 329,272 |
| Total | <u>\$ 697,039</u> | <u>\$ 597,787</u> | <u>\$ 668,994</u> | <u>\$ 668,994</u> | <u>\$ 819,357</u> |



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- New Development Review Coordinator--approved in FY 17 budget but not yet hired
 - Full-year cost of salary and benefit
 - IT needs, phone, office supplies, training
- Transportation Consulting Services
 - Lady's Island Plan
 - Traffic Impact Analysis review)
- Match for FEMA Pre-Disaster Hazard Mitigation Plan
 - Hurricane shutters for Arsenal and Carnegie Building

Police Department

Department Mission Statement

We, the members of the Beaufort Police Department, are committed to being responsive to our community in the delivery of quality services. Recognizing our responsibility to maintain order, while affording dignity and respect to every individual, our objective is to improve the quality of life through a community partnership that promotes safe, secure neighborhoods.

Recent Performance Accomplishments

- Implemented DDACTS program to best use available resources to right and prevent crime.
- Completed Mock Accreditation Inspection
- Fully Staffed CRT
- Answered 82,302 calls for service

Performance Measurements to Track Recent Accomplishments

- Statistical records

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- Replacing aging vehicles

Current Performance Initiatives

- Complete State Accreditation
- Reduce crime by 10% in DDACTS areas.

| Key Performance Indicators | FY 16 Actual | FY 17 Estimate | FY 18 Estimate |
|----------------------------|--------------|----------------|----------------|
| Calls for Service | 82,302 | 88,000 | 94,000 |
| Part 1 Crimes | 946 | 950 | 1,000 |

Key Goals and New Initiatives for Fiscal Year 2018

- Finish State Accreditation

Customer Service Initiatives

- Instituted the "starfish" program to recognize employees for service
- Adopted "Misdemeanor" for our comfort dog program
- Obtained two Humvees at no cost
- Reinstated a citizen survey form

Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- \$360,648 to replace nine vehicles
- \$10,452 to add two handheld radios
- \$15,400 for protective helmets
- \$18,600 taser replacement

Department Expenditures

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|--|-------------------|-------------------|-------------------------------|------------------------------|------------------------------|
|--|-------------------|-------------------|-------------------------------|------------------------------|------------------------------|

Department Summary

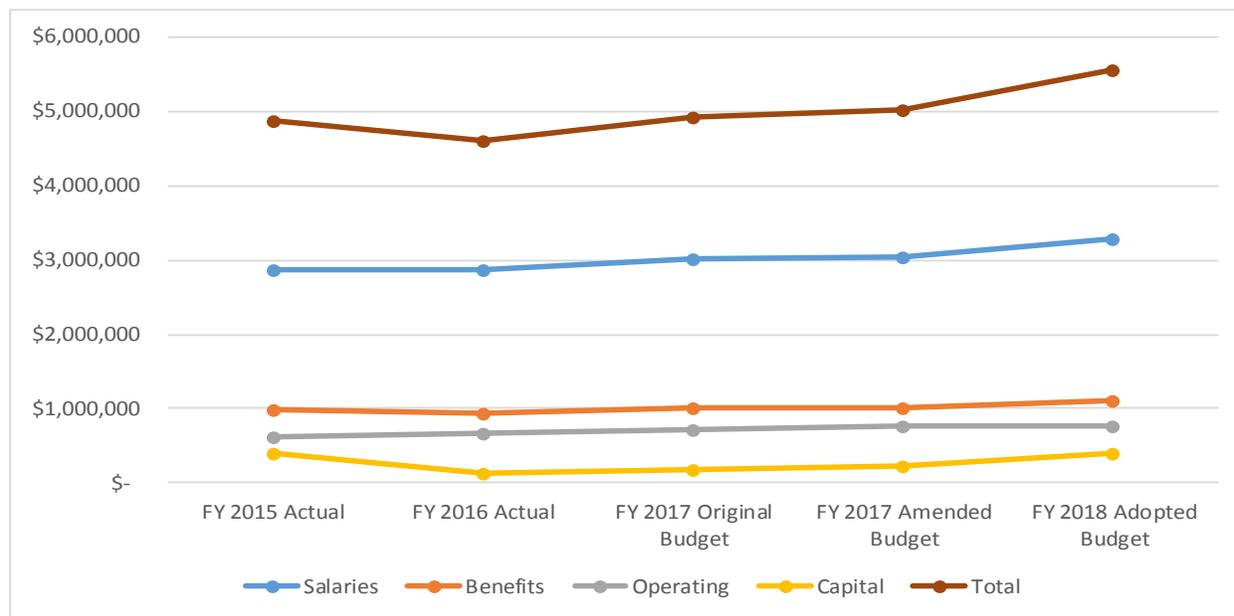
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|---------------------------------|-------------|-------------|--------------|--------------|--------------|
| Command | \$4,483,124 | \$4,233,824 | \$ 4,532,291 | \$ 4,619,855 | \$ 5,171,582 |
| School Resource Officers | 276,954 | 276,750 | 277,186 | 277,186 | 270,704 |
| School Crossing Guards | 30,474 | 27,401 | 42,880 | 42,880 | 25,488 |
| Victim's Advocate | 69,729 | 68,747 | 77,268 | 77,268 | 78,253 |

| | | | | | |
|--------------|-------------|-------------|--------------|--------------|--------------|
| Total | \$4,860,281 | \$4,606,722 | \$ 4,929,625 | \$ 5,017,189 | \$ 5,546,027 |
|--------------|-------------|-------------|--------------|--------------|--------------|

Category

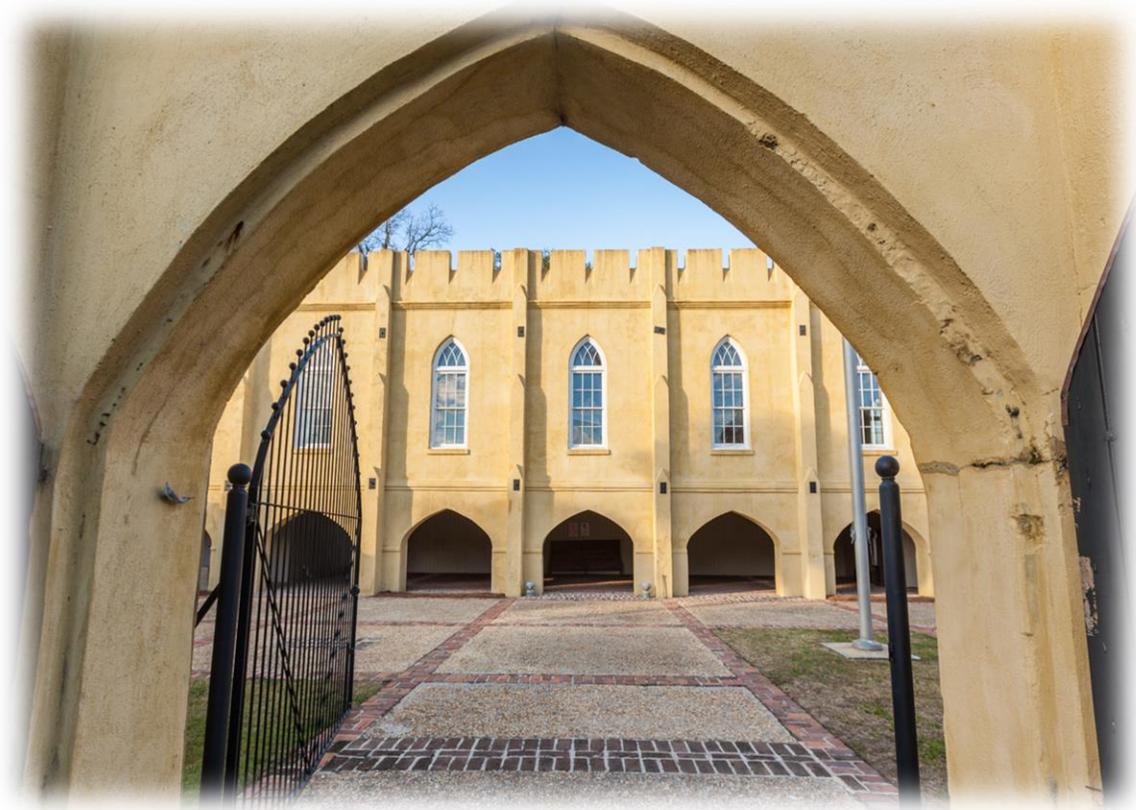
| | | | | | |
|------------------|-------------|-------------|--------------|--------------|--------------|
| Salaries | \$2,858,823 | \$2,873,407 | \$ 3,019,233 | \$ 3,026,270 | \$ 3,269,721 |
| Benefits | 984,068 | 937,411 | 1,003,293 | 1,005,469 | 1,109,108 |
| Operating | 626,124 | 671,977 | 716,027 | 765,739 | 776,198 |
| Capital | 391,266 | 123,927 | 191,072 | 219,711 | 391,000 |

| | | | | | |
|--------------|-------------|-------------|--------------|--------------|--------------|
| Total | \$4,860,281 | \$4,606,722 | \$ 4,929,625 | \$ 5,017,189 | \$ 5,546,027 |
|--------------|-------------|-------------|--------------|--------------|--------------|



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Attempt to replace oldest vehicles
- Increase in officers eligible for overtime



Fire Department

Department Mission Statement

The Mission of the Fire Department is to provide public safety and emergency services to the City of Beaufort and Town of Port Royal in a way that the department is intricately woven into the fabric of the community.

The Fire Department will take a customer service oriented approach every time we contact a member of our community and provide empathy, understanding and kindness to everyone we meet.

Recent Performance Accomplishments

- Operations
 - Hurricane Matthew
 - Chamber of Commerce Fire
 - ISO Class 1
 - 2,796 calls for service. (9% Increase vs. 7% Prediction)
- Education and Prevention
 - Completed approximately 1500 Smoke detector installations in partnership with Red Cross
 - 144 education events to date. 5,409 adults and children to date
- Enforcement
 - 2,161 Fire Inspection and Code Enforcement activities

Performance Measurements to Track Recent Accomplishments

- Zero civilian fire injuries
- 8 individual contacts per man hour of public education
- 600 Enforcement Corrections

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- Up-fit to Central Headquarters station firefighter restroom in order to provide separate male and female facilities which in on the CIP is coming in over budget.

Current Performance Initiatives

- Improve Fire Service in the Hwy 170 Corridor
- Medical Service Standardization
- PPE and Fire Fighting Equipment sustainability
- Whole Shift Drill Opportunities
- Code Enforcement (added 1 FTE)

| Key Performance Indicators | FY 16 Actual | FY 17 Estimate | FY 18 Estimate |
|----------------------------|--------------|----------------|----------------|
| Call Volume | 2,796 | 3,048 | 3,830 |
| Public Education Contacts | 3,963 | 6,575 | 7,167 |
| Enforcement Activities | 2,651 | 2,881 | 2,997 |
| Whole Shift Drill | 1 | 2 | 4 |

Key Goals and New Initiatives for Fiscal Year 2018

- New Service at 591 Robert Smalls Parkway (**Strategic Goal 1,3 and 4**)
- OT reduction with Part Time Firefighter backfill
- Improve medical service standardization (**Strategic Goal 3**)
- Replace 3 of 5 vehicles in Admin Fleet
- Exhaust system for Station 2 (not grant eligible)
- Extrication Equipment Update
- Decentralize PIO duties (**Strategic Goal 2**)

Customer Service Initiatives

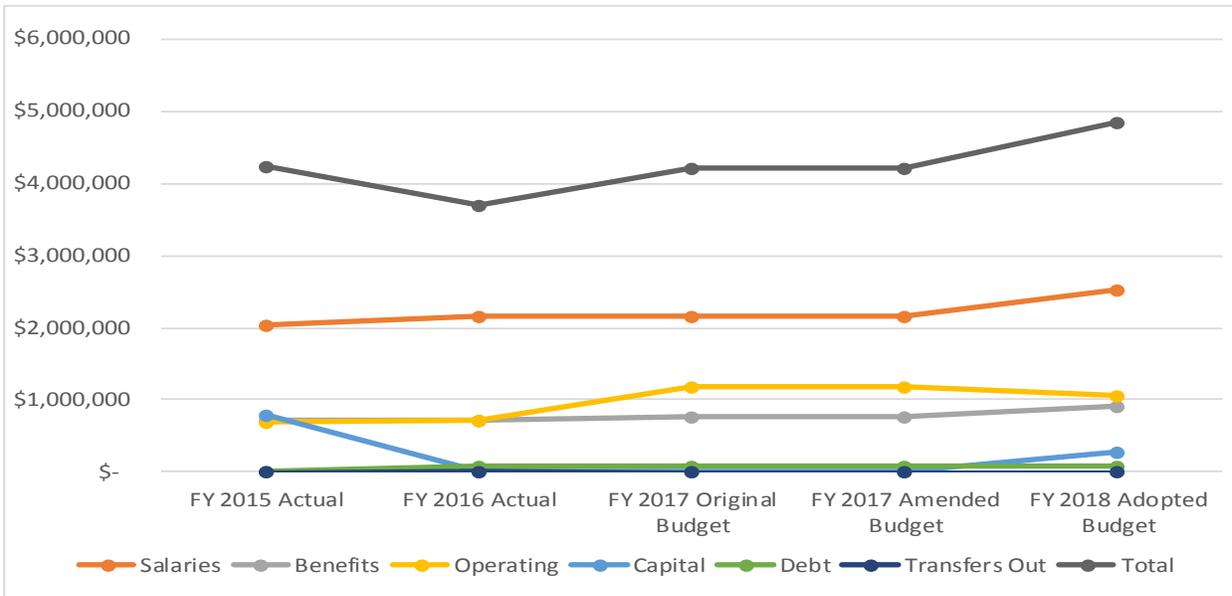
- "After the Fire" program is going strong
- Community Risk Reduction recognized by ISO (5.3 out of 5.5) includes Public Education, Code Enforcement, Plan Review and Inspection.
- Continued Community Outreach and Year 2 of Red Cross Smoke Detectors.

Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- \$281,000 increment for half year at 591 Robert Smalls Parkway Station (City of Beaufort share is 72% and Town of Port Royal share is 28%)
- \$150,000 for Admin Vehicles
- \$39,852 for Exhaust System
- \$30,000 for extrication equipment (2 year project with \$60,000 for needed for FY19)

Department Expenditures

| Category | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|----------------------|---------------------|---------------------|-------------------------------|------------------------------|------------------------------|
| Salaries | \$ 2,039,188 | \$ 2,148,042 | \$ 2,158,956 | \$ 2,158,956 | \$ 2,512,862 |
| Benefits | 721,014 | 722,783 | 755,209 | 755,209 | 915,831 |
| Operating | 695,287 | 726,443 | 1,187,065 | 1,187,067 | 1,056,354 |
| Capital | 780,522 | - | 16,000 | 16,000 | 266,952 |
| Debt | - | 83,616 | 83,617 | 83,617 | 83,617 |
| Transfers Out | - | 7,351 | - | - | - |
| Total | <u>\$ 4,236,011</u> | <u>\$ 3,688,235</u> | <u>\$ 4,200,847</u> | <u>\$ 4,200,849</u> | <u>\$ 4,835,616</u> |



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Personnel and Operations- New Service
- Capital- Vehicle Replacement, Exhaust System, and Extrication Tool update
- Without new service, the operating budget would be flat (2.62% year over year and we would see an increase in benefits, promotions, and merit base evaluation in personnel (5%) and an increase in one time capital requests.
- Final Burton payment will occur as a result of the contract ending on December 31, 2017.



Public Works Department

Department Mission Statement

The Public Works Department (PWD) provides the City of Beaufort's residents a safe, healthy, enjoyable & sustainable living environment. It is our goal to be prompt & offer courteous service in an efficient, effective, responsive manner. In addition, we are responsible for all road & drainage infrastructure, parks, facilities, PWD fleet & solid waste. To that end, this department develops, implements & enforces plans, programs, policies & regulations. The department focuses on long term solutions while keeping the interests of the general public at the forefront.



Recent Performance Accomplishments

- Leadership Training/Seminars
- Community Involvement (Duke Street Infill Park/Depot Road Crepe Myrtle Trees/Youth Conference at TCL) **(Strategic Goal 2)**
- Efficiently restore the city after several microbursts & hurricane. **(Strategic Goal 3)**
- Assisted with Arbor Day/Tree City USA/S.M.T Tree Plantings **(Strategic Goal 2 and 3)**
- Monitor 1,960 Trac Ez (solid waste)
- Implement vehicle/equipment maintenance policy.
- Assisted with Emergency Preparedness & FEMA documentation.
- Successfully completed the Southside Blvd Streetscape, Broad Street & Craven Street sidewalk projects. **(Strategic Goal 3)**
- Assisted Beaufort County & SCDOT to pave streets within the city limits (CTC funds). **(Strategic Goal 2 and 3)**
- Removed 49 hazard trees to date.
- Mast Arm Installation/ Craven at Carteret/ Boundary at Bladen, scheduled to be installed summer 2017.
- Increased sweeping contract (to include The Point, Higgonville, Spanish Point). **(Strategic Goal 3)**
- Continued Quarterly meetings with existing city contractor's & Contract Administrator. **(Strategic Goal 1 and 2)**
- Maintained 28 parks & Open Land Trust areas.
- Monitor & repaired trip hazards, & replaced over 500 broken pavers at the Waterfront Park along the seawall. **(Strategic Goal 3)**
- Upgrade existing lighting at the seawall with LED's heads. **(Strategic Goal 3)**
- Successful completion of the Transient/Dinghy/H-Docks. **(Strategic Goal 1, 2, and 3)**



Recent Performance Accomplishments (Continued)

- Installed planting & furniture on West Street Extension & WFP. **(Strategic Goal 1,2, and 3)**
- Enlarged the tree farm & completed the dog park at Southside Park by adding three water fountains & four benches. **(Strategic Goal 2 and 3)**
- Continued beautification at the trail head of the Spanish Moss Trail and the Depot Road building. **(Strategic Goal 1,2, and 3)**
- Additional parking spaces being created at the Depot Road trail head of the S.M.T. **(Strategic Goal 1,2, and 3)**
- Completed 46_preventative maintenance on traffic signals & cabinets as per our maintenance agreement with SCDOT.
- Completed street name sign assessment in all neighborhoods with installation in several areas. **(Strategic Goal 2 and 3)**
- Installed & removed Christmas decorations in the core area.
- Electrical support for all festivals & events in the Waterfront Park. **(Strategic Goal 2 and 3)**
- Hung banners at Bay Street & Ribaut Road for non-profit organizations. **(Strategic Goal 2)**
- Reconciled and updated all PW vehicles/equipment inventory as well as completed a successful audit. **(Strategic Goal 2)**
- Continued fuel/oil/grease cost reduction.
- Modernization of the fleet shop.
- Implemented Standard Operating Procedures of Public Works vehicle maintenance and reporting.
- Repairs to the Carnegie building due to hurricane damage.
- Installed new A/C unit & water heater at 210 West Street (SP+).
- Installed landscape & irrigation at 500 Carteret Street.
- Installed TRANE software upgrade for Fire Suppression System at the Municipal Complex.
- Assessment completed of all city owned buildings & parks after the hurricane. This was essential for FEMA documentation.
- Completed the Battery Creek Retrofit Project (319 Grant). **(Strategic Goal 2 and 3)**
- Broad Street Drainage Project Phase I & II completed. **(Strategic Goal 2 and 3)**
- Bid & award 3 drainage projects (Hancock/Azalea/South Hermitage). **(Strategic Goal 2 and 3)**
- Pond Maintenance (Water's Edge/Battery Shores/Point Pond/Duck Pond/Broad Street). **(Strategic Goal 2 and 3)**
- Pipe cleaning (The Point/Old Commons/Hundred Pines). **(Strategic Goal 2 and 3)**
- Maintain street ends & easements in several neighborhoods. **(Strategic Goal 2 and 3)**
- Hired PWD Operations Mngr currently being integrated. **(Strategic Goal 2 and 3)**
- Assist Contract Manager with resolutions to downtown commercial solid waste needs which includes the enclosure. **(Strategic Goal 2 and 3)**

Performance Measurements to Track Recent Accomplishments

- Certificated received by staff attending trainings/seminars
- Tracking 70 draining complaints this fiscal year
- Tracking 1,960 Trac-Ez (solid waste complaints/requests/compliments this fiscal year)
- Tracking 49 tree issues/complaints
- Tracking 50 city owned & SCDOT documented complaints

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- Unable to renovate Public Works due to higher priority requirements.
- Additional staff contemplated, but not formally requested due to budget realities.
- Implementing a work order system to streamline data. This was cut due to budget constraints.
- Procured a partial Waterfront Park furniture replacement vs. a full compliment due to fiscal constraints.
- Paving two City of Beaufort owned streets.

Current Performance Initiatives

- Promote Strategic Plan Goals (2, 3, and 4)
- Support the reconstruction of the Boundary Street Project.
- Review/create a plan to maintain the ROW/median I& landscaping needs.
- Implement an already available PWD friendly user interface to streamline for data for facilities.
- Assisted with project coordination of the Allison Road Project.
- Assisted with the Greenlawn Drive Streetscape Project.
- Assisted with the five year CRS flood plan management review.
- Start up the Hancock Street Drainage Project to be followed by South Hermitage & Azalea Drainage Projects.
- Completed the review of the Article 8 (Drainage) of the Beaufort Code.
- Current Plan Review being processed.
- Establishing priorities that match resources as well as SCDOT street analysis.

| Key Performance Indicators | FY 16 Actual | FY 17 Estimate | FY 18 Estimate |
|-----------------------------|--------------|----------------|----------------|
| Plan Review | 44 | 46 | 50 |
| Site Inspections Commercial | 18 | 22 | 25 |
| SWIC | 12 | 12 | 12 |
| Stormwater Board | 12 | 12 | 12 |
| Solid Waste Board | 6 | 6 | 6 |
| CTC | 6 | 6 | 6 |
| SCASM | 4 | 4 | 4 |
| Encroachment Permit Review | 8 | 10 | 12 |
| Neighborhood Meeting | 12 | 11 | 12 |

Key Goals and New Initiatives for Fiscal Year 2018

- Continuation of the Allison Road Streetscape Project **(Strategic Goal 1 and 3)**
- Continuation of the Greenlawn Streetscape Projects **(Strategic Goal 1 and 3)**
- Upgrades to the Public Works Complex for storage and upkeep for Streets/Stormwater/Parks material.
- Start up of the Twin Lakes Project/Jane Way and small draining projects **(Strategic Goal 2 and 3)**
- Prepare for five year Community Rating System review (flood insurance). **(Strategic Goal 3)**
- Looking through the prism of the Strategic Goals, identify, and articulate priorities of work balanced against available funding.
- Greater public outreach by communicating anticipated projects and historical accomplishments **(Strategic Goal 2)**
- Create a Public Works Department Standard Operating Procedures governing daily operations.
- Implement MUNIS work order system. **(Strategic Goal 2)**

Customer Service Initiatives

- Hire two part time employees.
- Continue leadership training
- Implement a Public Works friendly work order system to streamline data.
- Attend neighborhood meetings.
- Publish weekly updates to Facebook regarding Public Works Department anticipated projects and historical achievements.
- Re-implemented telephone action process to streamline request to solid waste contractor vs. Public Works action.

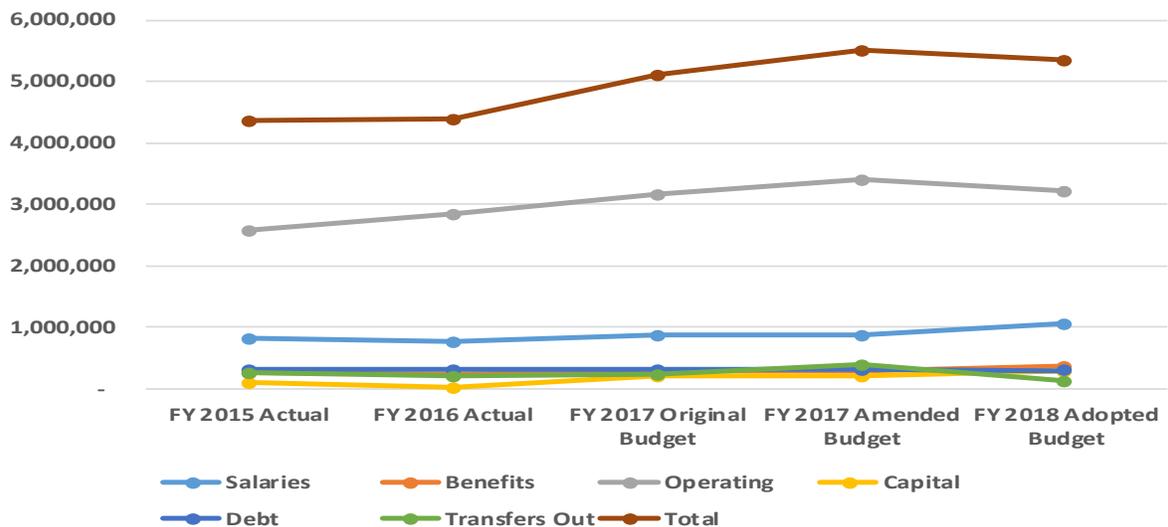
Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- Replacement of 24 year old dump truck.
- Request for additional personnel.
- Purchase of new tablets/devices for the work order system.
- Purchase additional lawn mowers for parks and right of way maintenance.
- New fencing at Pigeon Point playground.
- Engineering funding for downtown street assessment.
- Increase in budget due to additional sweeping in three neighborhoods.

Department Expenditures

| | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2018 Adopted Budget |
|---------------------------|------------------|------------------|-------------------------|------------------------|------------------------|
| Department Summary | | | | | |
| Administration | \$ 397,339 | \$ 524,928 | \$ 483,199 | \$ 483,199 | \$ 549,538 |
| Streets | 603,625 | 632,819 | 727,081 | 787,610 | 759,634 |
| Parks | 1,143,809 | 1,255,311 | 1,366,792 | 1,559,686 | 1,590,567 |
| Traffic Maintenance | 148,427 | 159,483 | 197,042 | 187,617 | 181,117 |
| Vehicle Maintenance | 87,423 | 68,302 | 80,433 | 80,433 | 96,010 |
| Facility Maintenance | 445,299 | 472,580 | 700,697 | 700,697 | 592,497 |
| Stormwater | 811,692 | 561,400 | 815,682 | 974,977 | 854,830 |
| Solid Waste | 725,369 | 731,270 | 733,861 | 733,861 | 724,030 |
| Total | 4,362,983 | 4,406,093 | 5,104,787 | 5,508,080 | 5,348,223 |

| Category | | | | | |
|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries | 825,907 | 759,036 | 877,121 | 877,121 | 1,054,392 |
| Benefits | 258,427 | 244,984 | 299,783 | 299,783 | 366,312 |
| Operating | 2,587,160 | 2,856,686 | 3,174,815 | 3,409,729 | 3,210,162 |
| Capital | 116,849 | 27,462 | 200,850 | 219,229 | 279,100 |
| Debt | 309,098 | 309,098 | 309,098 | 309,098 | 309,059 |
| Transfers Out | 265,542 | 208,827 | 243,120 | 393,120 | 129,198 |
| Total | \$4,362,983 | \$4,406,093 | \$5,104,787 | \$5,508,080 | \$5,348,223 |



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Replacement of 24 year old dump truck (Parts no longer available).
- Request for additional personnel (Two part time & one full time).
- Purchase of five new tablets/devices for the work order system .
- Purchase additional lawn mowers for parks & right of way maintenance.
- New fencing at Pigeon Point playground (Approx. 1,500 feet).
- Engineering funding for downtown street assessment (core plus).
- Increase in budget due to additional sweeping in three neighborhoods (\$60,000 annually).



State Accommodations Fund

Fund Mission Statement

The purpose of the State Accommodations Fund is to account for the receipt of the 2% State Accommodations sales tax from transient room rentals within the City limits and the restricted tourism related expenditures in accordance with State Law.

Recent Performance Accomplishments

- Awarded \$367,599 in tourism related grants for programs and events that enhance and support tourist related activities.
- Of this amount:
 - \$109,732 was for police salaries and benefits.
 - \$25,000 was awarded for the renovations to the USCB theatre
 - And the balance of \$232,867 was awarded for tourism related events and marketing.

Performance Measurements to Track Recent Accomplishments

- Collected 2.5% of the \$362,898 of allowable outstanding fines entered into Municipal Association of South Carolina's setoff debt system.
- Collected 7.9% of old outstanding fines on updated cases.
- Estimated number of cases disposed and processed in Fiscal Year 2017 will be 6,323.

Key Goals and New Initiatives for Fiscal Year 2018

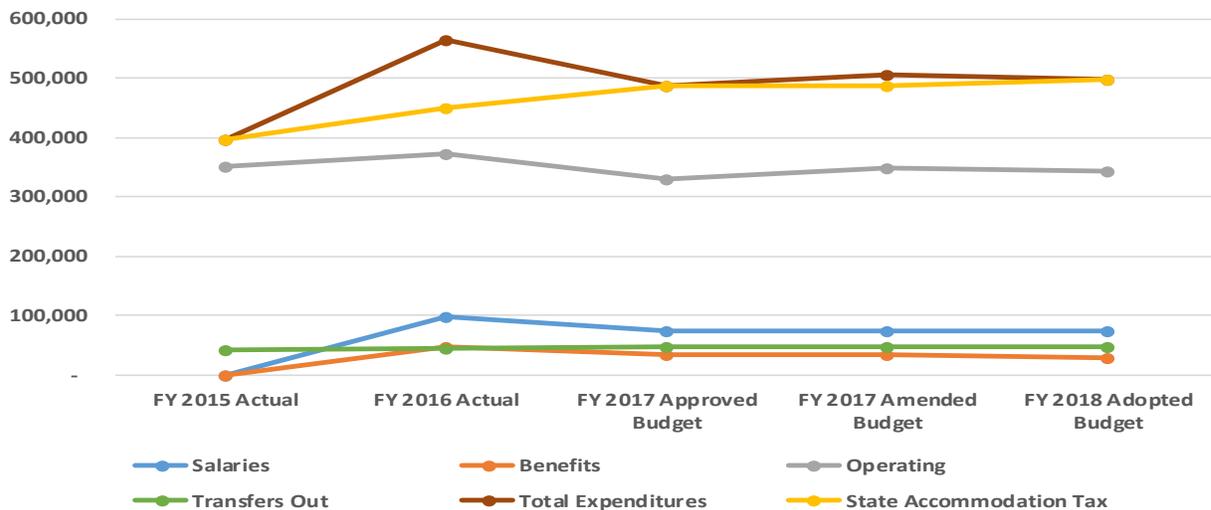
- Continue to allocate a portion of Police Salaries and Benefits in support of tourism related activities affection the City.
 - The percentage allocated is 2.23% of the total Police personnel budget.
 - This allocation is well below the true economic impact tourism has on the resources of the City.
 - This initiative supports **(Strategic Goal 3)**
- Educate the grant applicants in the Strategic Goal related to enhancing tourism and how marketing efforts can assist in reaching tourists as soon as they come to Beaufort. **(Strategic Goal 3).**

Customer Service Initiatives

- Grant applications that leverage resources.
- Maximum level of grants awarded
- Grant applicant feedback

Fund Revenues and Expenditures

| | <u>FY 2015 Actual</u> | <u>FY 2016 Actual</u> | <u>FY 2017 Approved Budget</u> | <u>FY 2017 Amended Budget</u> | <u>FY 2018 Adopted Budget</u> |
|---------------------------|---------------------------|---------------------------|--|---------------------------------------|---------------------------------------|
| Revenues | | | | | |
| State Accommodation Tax | \$ 397,239 | \$ 450,995 | \$ 486,667 | \$ 486,667 | \$ 496,776 |
| Total Revenues | <u>397,239</u> | <u>450,995</u> | <u>486,667</u> | <u>486,667</u> | <u>496,776</u> |
| Expenditures | | | | | |
| Salaries | - | 98,346 | 74,821 | 74,821 | 75,189 |
| Benefits | - | 47,979 | 34,911 | 34,911 | 30,095 |
| Operating | 352,132 | 371,567 | 328,852 | 348,014 | 342,903 |
| Transfers Out | 43,612 | 46,300 | 48,083 | 48,083 | 48,589 |
| Total Expenditures | <u>\$ 395,744</u> | <u>\$ 564,192</u> | <u>\$ 486,667</u> | <u>\$ 505,829</u> | <u>\$ 496,776</u> |



Redevelopment Fund

Fund Mission Statement

The mission of Redevelopment Fund is to account for the activities of the City's Strategic Goals that support redevelopment initiatives.

Recent Performance Accomplishments

- Secured a grant writer and support person for the Redevelopment Commission, securing \$1.186M in grant funding during FY 2017.
- Very active subcommittees that were established to accomplish specific goals of the Redevelopment Commission.
- Opened the Beaufort Digital Corridor and the Don Ryan Center for Innovation.
- Parking Management Activities were implemented and possible downtown parking locations were studied by consultants.
- Laser focused on Economic Development.

Performance Measurements to Track Recent Accomplishments

- Grant awards in comparison with prior years.
- Achievement of subcommittee goals
- Results of parking study's
- Increase in Economic Development opportunities.

Recent Goals Unable to Achieve Due to Budget or Staffing Constraints

- Limited staff time available to concentrate on full-time redevelopment commission support.
- Limited revenues to financing parking structure and provide for other Redevelopment initiatives.
- Insufficient revenues to support major economic development activities or investments.

Current Performance Initiatives

- Very active Redevelopment Commission
 - Economic Development and new business opportunities.
 - Infill
 - Enhanced private-public partnerships, downtown development and expansion.
 - Affordable Housing
 - Communications
 - Annexations
- Increased net parking revenues with consistent policies and procedures.
- Active Downtown and Parking committees

Key Performance Indicators

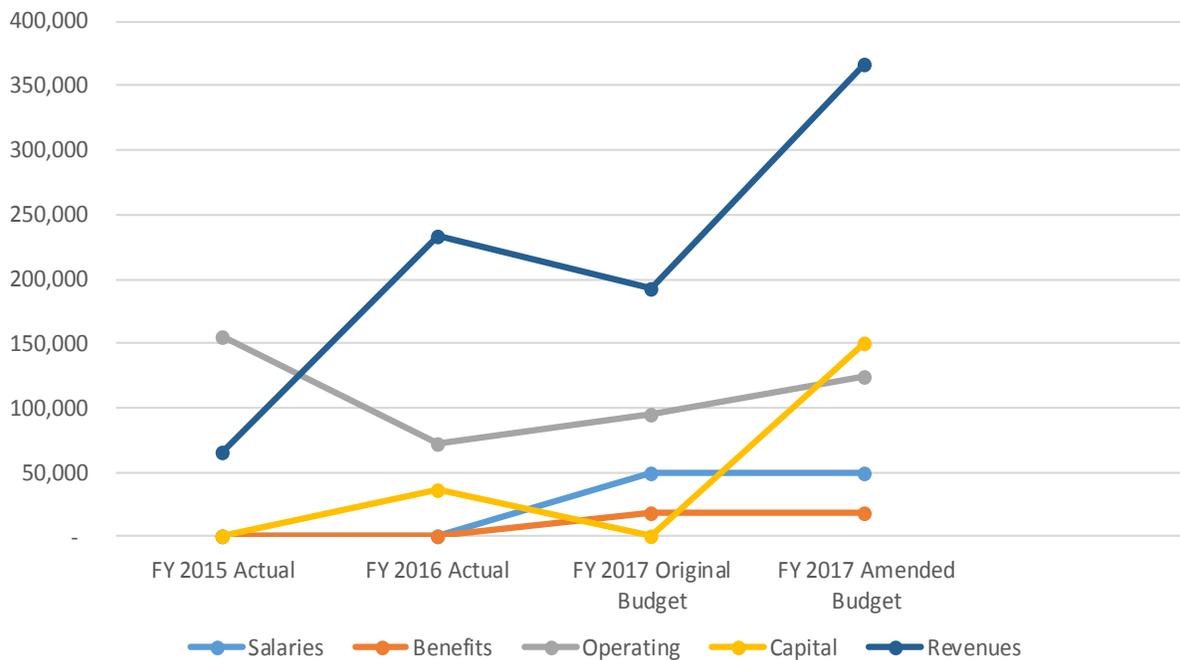
- Strategic Plan for 2017-2019
- Redevelopment goals
- Parking Management plans
- Signage Plans
- Marina & Park improvements
- Appointment of Director of Downtown Operations to manage and develop plans
- Creations of a communications plan

Budget Requests Needed to Help Achieve Fiscal Year 2018 Goals and Initiatives

- 40% of the salary & benefits of the Director of Downtown Operations for oversight and supervision of all downtown activities.
- 1% An allocable portion of the police department salaries and benefits in support of redevelopment and economic initiatives.
- An allocable share of resources (\$95K) needed to support Redevelopment Commissions subcommittees needs
- A share of the costs for the new County Economic Development Group.
- Transfer of Committed Fund Balance to support Redevelopment initiatives.

Fund Revenues and Expenditures

| | <u>FY 2015 Actual</u> | <u>FY 2016 Actual</u> | <u>FY 2017 Original Budget</u> | <u>FY 2017 Amended Budget</u> | <u>FY 2018 Adopted Budget</u> |
|-----------------------------|---------------------------|---------------------------|--|---------------------------------------|---------------------------------------|
| Revenue Category | | | | | |
| Net Parking Revenues | \$ 54,455 | \$ 220,807 | \$ 179,935 | \$ 179,935 | \$ 245,000 |
| Rental Income | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Intergovernmental | - | - | - | 175,000 | - |
| Miscellaneous | - | 568 | - | - | - |
| Transfers In | - | - | - | - | 159,193 |
| Total Revenues | <u>66,455</u> | <u>233,375</u> | <u>191,935</u> | <u>366,935</u> | <u>416,193</u> |
| Expenditure Category | | | | | |
| Salaries | - | - | 50,320 | 50,320 | 69,471 |
| Benefits | - | - | 19,080 | 19,080 | 22,245 |
| Operating | 154,898 | 72,493 | 94,600 | 123,670 | 324,477 |
| Capital | - | 36,037 | - | 150,000 | - |
| Total Expenditures | <u>\$ 154,898</u> | <u>\$ 108,530</u> | <u>\$ 164,000</u> | <u>\$ 343,070</u> | <u>\$ 416,193</u> |



Category and Reason for any Major Increases in Fiscal Year 2018 Budget

- Release of Committed Fund Balance for Redevelopment from the General Fund and transfer to the Redevelopment Fund to assist in supporting Redevelopment goals and initiatives.
- Operating Support of the Beaufort Digital Corridor (\$50,000) and the Don Ryan Center for Innovation (\$15,000).
- Operating cash for the Beaufort Digital Corridor that will be repaid in the future. (\$100,000).
- City Innovation Marketing Plan (\$40,000)
- Waterfront Park WiFi project (\$35,000)
- Commerce Park Improvements (\$15,000)
- \$5,000 for the Google Startup weekend.



Capital Improvement Plan

Capital Improvement Plan Mission Statement

The mission of the Capital Improvement Plan (CIP) is to account and report financial resources for capital expenditures for the activities that are inline with City's Comprehensive Plan and Strategic Civic Master Plan.

Long-term Financial Planning

The City has developed a Capital Improvement Plan that is tied with the City's Comprehensive Plan and Strategic Civic Master Plan. Each year of the plan is funded through the budget appropriation process with subsequent years estimated based on current year costs. The Comprehensive Plan and Civic Master Plan form to public and private investment in the City. This effort allows Council, businesses and citizens to plan more strategically those investments and neighborhood groups to better plan improvements as well. Using a long range planning process allows the City to plan for future needs as well as up or down-turns in the economy.

Stormwater Capital Projects

Stormwater Projects are included in the Capital Projects Fund if the project spans longer than one year to complete.

- Funding from the FY 2018 stormwater monies is included in the Public Works Stormwater Recommended Expenditure Budget and presented in the category Transfers Out. \$129,198 is budgeted from FY 2018 funding toward the Twin Lakes and Johnny Morrall stormwater projects.
- Funding from prior years stormwater monies were including in prior year Public Works Stormwater Recommended Expenditure Budgets and moved into the Capital Projects Fund.
- Current and prior year funding is what comprises the total Stormwater project budget.

Recommended FY 2018 Capital Projects

New recommended Capital Projects are funded with the 2016 general obligation funds obtained during FY 2016 through the advanced refunding of the debt.

- Waterfront Park foundational repairs with an estimated cost of \$358.765

Active Capital Projects for FY 2018 with Funding Sources

| Description | Budget | | Active Capital Project and Fully Funded | Funding | | | | | | |
|----------------------------------|------------------------------|----------------------|---|-----------------------|---------------------|----------------------------|-------------------|--------------------------|---------------------|-------------------|
| | Estimated Original Budget | Modified Budget | | Stormwater Funding | Grant Funding | Prior Year General Fund | Bond Funds | Capital Lease Funding | TIF II | Unfunded |
| <u>Stormwater</u> | | | | | | | | | | |
| Twin Lakes Drainage | \$ 92,541 | \$ 125,120 | Yes | \$ 125,120 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Johnny Morral | 177,528 | 233,026 | Partial | 84,198 | - | - | - | - | - | 148,828 |
| <u>Streets</u> | | | | | | | | | | |
| Allison Road | 821,044 | 1,020,144 | Partial | - | 400,000 | 420,144 | - | - | - | 200,000 |
| Boundary Street | 8,223,000 | 8,223,000 | Yes | - | - | - | - | - | 8,223,000 | - |
| Greenlawn Drive | 1,350,000 | 1,700,000 | Yes | - | 500,000 | - | - | - | 1,200,000 | - |
| Pick Pocket Connector | 150,000 | 150,000 | Yes | - | - | - | - | - | 150,000 | - |
| <u>Marina & Parks</u> | | | | | | | | | | |
| Day Dock | 300,000 | 639,000 | Yes | - | 311,279 | 227,721 | - | - | - | 100,000 |
| Waterfront Park Foundation | 300,000 | 358,765 | Yes | - | - | - | 358,765 | - | - | - |
| <u>Utility Conversion</u> | | | | | | | | | | |
| ESCO project throughout City | 3,100,000 | 3,100,000 | Yes | - | 100,000 | - | - | 3,000,000 | - | - |
| | <u>\$ 14,514,113</u> | <u>\$ 15,549,055</u> | | <u>\$ 209,318</u> | <u>\$ 1,311,279</u> | <u>\$ 647,865</u> | <u>\$ 358,765</u> | <u>\$ 3,000,000</u> | <u>\$ 9,573,000</u> | <u>\$ 448,828</u> |



Capital Improvement Plan- 3 to 5 Year Plan

| Capital Project | Budget | |
|---|---------------------------|-------------------------------------|
| | Estimated Original Budget | Modified Budget as of June 30, 2017 |
| Facilities | | |
| Arsenal ¹ | \$ 200,000 | \$ 200,000 |
| Carnegie Window Refurshing ¹ | 40,000 | 72,500 |
| Public Works Complex | 40,000 | 32,500 |
| Streets | | |
| Salem Road Phase I (Burton Hill) ¹ | 350,000 | 100,000 |
| Salem Road Phase II | 400,000 | 400,000 |
| Stone Marten Resurface | 72,600 | 100,000 |
| Battery Shores Resurface | 441,570 | 441,570 |
| Mast Arm - Craven/Carteret | 125,000 | 125,000 |
| Jericho Woods Resurfacing | 100,000 | 125,000 |
| Drainage Projects | | |
| Battery Shores Drainage | 158,040 | 200,000 |
| Craven/Charles Street Drainage | 182,048 | 250,000 |
| North/Euhaw Drainage | 52,308 | 52,308 |
| LaFayette Drainage ¹ | 125,000 | 450,000 |
| First Blvd. Pond Improvements (Title Gate) | 144,534 | 200,000 |
| Southside Canal Improvements | 260,502 | 400,000 |
| North Hermitage Drainage ¹ | 100,000 | 250,000 |
| Other | | |
| Basil Green Parking | 1,024,696 | 100,000 |
| Beaufort Plaza Trailhead Park | 250,000 | 250,000 |
| Green Street Streetscape - Phase I | 650,000 | 650,000 |
| Green Street Streetscape - Phase II | 650,000 | 650,000 |
| Green Street Streetscape - Phase III | 650,000 | 650,000 |
| Washington Street Park ¹ | 100,000 | 100,000 |
| Arthur Horne Park Improvements (Drainage) | 25,000 | 25,000 |
| Southside Park - Step I | 75,000 | 75,000 |

Total Capital Improvement Plan Projects \$ 6,216,297 \$ 5,898,878

¹ These projects have been identified as priorities. A goal for FY 2018 is identifying and securing funding sources that will lead these projects to active capital projects.

Glossary of Terms

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader in understanding these terms, a budget glossary of terms has been included.

Assessed Value – The estimated value placed on real and personal property by the County’s Assessor used the basis for levying property taxes.

Balanced budget – A budget in which revenues fully cover expenditures. Appropriations may be made from prior year fund balance provided favorable reserves are maintained.

Bond – A form of borrowing which reflects a written promise to pay a specified sum of money, called the face value or principal amount, at a specific date or dates in the future, called the maturity date(s), together with periodic interest at a specific rate.

Budget – A comprehensive financial plan of operation which incorporates an estimate of proposed expenditures for a given period and the proposed means of financing them.

Capital Expenditures – The City considered items which cost more than \$5,000 and have a useful life of greater than one year to be capital assets.

Capital Improvement Plan (CIP) – A plan of capital improvement expenditures to be incurred each year over a period of the project’s life, setting forth each capital project, the amount to be expended and the proposed method of funding the project.

Debt Limit – The maximum amount of general obligated debt which is legally permitted. The State of South Carolina forbids cities from incurring debt in excess of 8% of the total assessed valuation of taxable property within the City.

Debt Service – The payment of principal and interest on borrowed funds, such as bonds.

Department – An organizational unit of the City which manages an operation or group of related operations within a functional area.

Fiscal Year (FY) – A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The City of Beaufort’s fiscal year begins July 1st and ends the following June 30th.

Full-Time Equivalent (FTE) – A position which works a 40-hour week on an ongoing basis and is specifically authorized for ongoing funding by classification in the annual budget. Two part-time positions equal one FTE. Most Public Safety (Fire and Police) employees work in shifts. The normal Fire employee shift is 96 work hours during a two-week period, while a normal Police employee shift is 85.5 work hours during a two-week period.

Fund – A fiscal and accounting entity that has self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances,

and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance – The difference between governmental fund assets and liabilities. Fund Balance is intended to serve as a measure of the current financial resources available in a governmental fund.

General Fund – The fund used to account for all financial resources except those required to the accounted for in another fund. This is considered the City’s chief operating fund.

General Obligation (G.O.) Bonds – When the City pledges its full-faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (G.O.) bonds. These bonds are usually repaid from taxes relating to debt.

Governmental Funds – Funds generally used to account for tax-supported activities that rely mostly on current assets and current liabilities. These are five different types of governmental funds: General, Special Revenue, Debt Service, Capital Projects and Permanent Funds.

Intergovernmental Revenue – Revenue received from other governments, whether local, state or federal, usually in the form of grants, shared revenues or payments in lieu of taxes.

Mill – A tax rate based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of property valuation.

Modified Accrual Accounting – A basis of accounting in which expenditures are accrued, but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability, while revenues are not recorded until they are actually received or are “measurable and available”. It is recommended as the standard for most governmental funds.

Operating Budget – A financial plan for the City’s general operations, such as salaries, contract services, utilities and supplies.

Performance Indicators – Statistical information which denotes the demands for services with a department.

Property Tax – Property taxes are levied on both real and personal property according to the property’s assessed valuation and the tax rate applied.

Special Revenue Fund – A fund used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Tax Increment Financing (TIF) – Funding of public investments in an area slated for development by capturing for a time, all or a portion of, the increased tax revenue that may result when the development stimulates private investment. As private investments add to the tax base with the development area, the increased tax revenue can only be used to public purposes permitted by ordinance.



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