City Council Worksession
Meeting Minutes – Planning Conference Room – 1st Floor

January 9, 2024

I. CALL TO ORDER

Philip Cromer, Mayor


II. EMPLOYEE NEW HIRE RECOGNITION

A. City Manager's Office.

Scott Marshall, City Manager, introduced the new Assistant City Manager, John “JJ” Sauve.

III. PRESENTATIONS

A. Beaufort Jasper Housing Trust Update.

Dick Stewart, City’s representative on the Beaufort Jasper Housing Trust started off by saying that local municipalities pooled resources to help with affordable workforce housing thus needing the creation of the Housing Trust. He mentioned that Beaufort County hired Community Works out of Greenville, SC to serve as a fiscal agent and provide some services of support to the Housing Trust. Community Works has since stated that their business plans and activities no longer make it feasible for them to spend their time and energy locally. Community works has approached the County about severing the agreement. He reported that the trust has received a 3 million dollar grant from the State to support affordable workforce housing in this region. He reported that they have been speaking with local agencies about how they can help with this effort. They recruited Dana Totman who is the part time Executive Director.

Mr. Totman provided some background on himself along with his work history. He explained how his position came to be. He spoke about some key focus areas that he will be working on, such as providing support to the 8 member board, and networking with the participating communities to see what their needs are. After looking at the resources he came up with a 4 prong approach. 1) create new work force housing; 2) homeownership; 3) home repair; 4) helping/identifying land that can be used to create housing. The goal is to create/refurbish 609 affordable homes overall.

Paul Trask addressed Council.

B. Beaufort County Proposed Sales Tax Referendum.

Dean Moss, Chairman, Sales Tax Advisory Committee, started off by saying there is a penny sales tax in effect in Beaufort County which is funding green space conservation. This is a 2 year commitment but will be fulfilled before the two year mark. The majority is being collected from tourists that come into the area. He reported that the committee recommended to
Beaufort County Council to prepare a referendum to place a 1% sales tax on the November 2024 ballot to fund transportation and mobility projects. This would be in place for 15 years. The committee recommends that a Citizen’s Oversight Committee be appointed to assist the County in prioritizing and implementing projects. The committee is recommending that the referendum contain two types of project expenditures. Big Projects - $650,000,000.00 and Project Programs - $975,000,000.00.

Mr. Moss went over the big project list and amounts that are for North and South of the Broad. Afterwards, he covered the Project Programs.

Councilman Lipsitz stated that a third bridge needs to be a specified project.

Mayor Cromer said he would like to see some sort of a trolley system for our region.

The following addressed Council:

Mike Tomy
Paul Trask
Dan Blackmon
Graham Trask

A copy of his memorandum will be attached.


David Irwin, Audit Partner with Mauldin & Jenkins, gave a brief summary of the Financial and Compliance Audit as it is a required communication by the external auditors. He stated they are independent from the City as required by Government Auditing Standards. The City received a clean opinion and no audit findings. His presentation will be attached.

Alan Eisenman, Finance Director, went over the City’s financial position as compared to Fiscal Year 2022. He stated that the City’s Net Position at the end of Fiscal Year 2022 was $48,459,884.00. Fiscal Year 2023 was $51,796,875.00. This report will be available for public viewing on the City’s website using Open.gov, our financial transparency tool. A copy of his presentation will be attached.

IV. EXECUTIVE SESSION

Councilman Lipsitz made a motion to go into Executive Session and seconded by Mayor Pro Tem, McFee.

A. Pursuant to Title 30, Chapter 4, Section (70) (a) (1) of the South Carolina Code of Law: Discussion regarding Personnel - Boards, Commissions and Committees.

Councilman Lipsitz made a motion to come out of Executive Session and seconded by Mayor Pro Tem, McFee.

No actions from Executive Session

V. ADJOURN 7:10 PM

Disclaimer: This document is a summary. All City Council Worksessions and Regular Meetings are recorded. Live stream can be found on the City’s website at www.cityofbeaufort.org (Agenda section).
Any questions, please contact the City Clerk, Traci Guldner at 843-525-7024 or by email at tguldner@cityofbeaufort.org.

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80 (a)(d)(e), as amended, notification of regular meetings was given at the beginning of the calendar year. A copy of the agenda was posted on the City’s bulletin board and website www.cityofbeaufort.org twenty-four hours prior to the meeting. A copy of the agenda was given to the local news media and requested public on file.
MEMORANDUM

To: Chairman and Members, Beaufort County Council

From: Dean Moss, Chairman, Sales Tax Advisory Committee

Copy to: County Administrator and Members of 2023 Sales Tax Advisory Committee

Subject: Sales Tax Advisory Committee Report and Recommendations

Date: December 11, 2023

1. Introduction
   The purpose of this memo is to transmit to the Beaufort County Council the recommendations and observations of the Council appointed Sales Tax Advisory Committee (STAC). These recommendations represent the unanimous position of the 6 members of the Committee.

2. Summary General Recommendations
   The Committee recommends that Council prepare a referendum question to be placed upon the ballot in November 2024, which will ask the electorate to approve a one percent (1%) additional sales tax in Beaufort County, beginning in the following year and extending for fifteen years. The proceeds from this tax would be expended by the County for a series of critical transportation and mobility projects and programs vital to the health and safety of the residents and visitors. Further, the Committee recommends that a standing Citizen’s Oversight Committee be appointed to assist the County Council and staff in the prioritization and implementation of the projects and activities to be funded by the referendum.

3. Council’s Charge to the Committee
   County Council created the STAC through a resolution adopted on 12 June 2023. The charge to the Committee reads as follows:
'The Committee will, by a date to be set by Council in the future, provide Council with information that identifies the need and, where required the specific projects for the various referenda questions.'

4. Committee Process
The Committee consisted of six (6) members, one representing the two municipalities north of the Broad River, one representing the Town of Hilton Head, one representing the Town of Bluffton, two representing the north county unincorporated area, and one representing the south county unincorporated area. Five of the six members had been members of the Transportation Tax Committee established in early 2022 and were familiar with the technologies and concepts being discussed. The Committee met eight times, on Thursday afternoons from 5:30 to between 7:00 and 7:30. At the meeting on November 30, the Committee reached a general consensus, and at the meeting on December 7, formally voted unanimously to approve the projects, amounts, and recommendations that are contained in this memo.

5. Sales Tax Alternatives Considered
The Committee was initially presented with three separate sales tax options based on three separate State statutes: one for Transportation, one for Capital Projects, and one for Education. Two meetings evaluated and discussed these and the opportunities each presented. We watched the 2023 Education Referendum carefully with the thought that, should it not pass, a sales tax might be needed to raise the funds required for the School District. It did pass, and we turned our attention to the Transportation Tax and the Capital Projects Tax. Both offer significant opportunities since a very substantial portion of the taxes collected for either one would be paid by visitors to the County and residents of adjacent counties. After analysis and considerable discussion, we settled on the Transportation Tax and our recommendations for that tax are contained herein. I would note that we recommend that Council consider the addition of a Capital Projects 1% tax in the future.

6. Role of the Staff
Staff involved in this project consisted of Assistant County Administrator of Infrastructure Jared Fralix and Executive Assistant Carol Puryear. Given the
complex nature of this process there was a lot for the Committee members to learn and staff provided many documents and plans that had been completed by the State of SC and other Counties. Staff provided the Committee with a suggested list of projects, transportation program categories and amounts. There were many questions at every meeting, and they were clearly and patiently answered. In sum, the staff support to the STAC was outstanding.

7. Concepts behind the Recommendations
The Committee is recommending that the referendum contain two types of project expenditures.

a. Big Projects - $650,000,000
These represent the traditional approach to referendum questions. As in the 2018 referendum, specific projects are enumerated with an allocation of money specified. An example might be “Highway 170 Improvements – $80 million.” A short description of the project is included. As described below, the Committee recommends that eight of these projects be included in the referendum. They are countywide and address problems both on Federally designated highways (278, 46, 170, 21) and on State, County, and local roads, and streets. $300 million is recommended for projects south of the Broad River, and $175 million is recommended for projects north of the Broad River. $175 million is recommended for future “big projects”. It is important to note that none of these projects have been fully designed or bid, and the amounts assigned to them do not represent project budgets.

b. Project Programs $975,000,000
This category encompasses a large variety of projects which, because they are small (pave a dirt road), or because they may emerge in the future, are not specifically defined. These are projects that are, and will be, undeniably required, but which cannot yet be defined and may cost only a fraction of a “Big Project.” They would address needs that will emerge all over the County; in response, for example, to coastal flooding, new developments in rural areas, or the need to resurface existing streets. Spent correctly, these funds will benefit residents and businesses all over the County. The Committee recommends putting approximately sixty percent ($975 million) of the total expected revenue into these categories of projects, as described below.
8. Recommendations
   
a. **Amount and Duration of Tax**
   We recommend that the sales tax be applied at 1% (one penny on the dollar) for a period of fifteen years. We assumed a moderate to high growth rate. Based upon this projection, the tax should raise approximately $1.625 billion over 15 years. We believe that this amount will enable us to plan, develop, and implement appropriate solutions to meet the current needs caused by an overwhelmed and aging infrastructure system and to accomplish the improvements required to address future demands. In addition, this money can be multiplied several times over by aggressive pursuit of matching federal and state funds and the development of coordinated projects with Jasper County.

   b. **Big Projects and Amounts**
      
      i. **The Triangle - $100,000,000**
      Capacity and safety improvements on the Beaufort County section of the triangle made by Hwy 170, Hwy 278, and Argent Blvd. This project will be developed jointly with Jasper County. Traffic counts on these roadways have exploded with the development of residential and commercial development along all three corridors.

      ii. **Ribaut Road Improvements - $75,000,000**
      Implementation of the “Reimagine Ribaut Road” Project developed by the County, the City of Beaufort, and the Town of Port Royal to improve safety, interconnectivity, capacity, and attractiveness along the Ribaut Road Corridor between Boundary Street and the Russell Bell Bridge.

      iii. **Hwy 46 Improvements - $20,000,000**
      Capacity and safety improvements along SC 46 from SC 170 to Jasper County. Additional safety improvements (i.e.- turn lanes at intersections) along SC 46 from SC 170 to Buckwalter Parkway. All planned improvements would be designed so as to preserve the South Carolina Scenic Byway designation.

      iv. **Lady’s Island Corridor Improvements - $40,000,000**
      Lady’s Island Corridor Traffic Improvements from the Woods Memorial Bridge to Chowan Creek. These funds would supplement the monies approved in the 2018 referendum.
v. **Bluffton Municipal Projects - $60,000,000**
   Implementation of any or all Bluffton projects listed as priorities by the Bluffton Town Council.

vi. **Hilton Head Island Municipal Projects - $60,000,000**
   Intersection improvements to include Sea Pines Circle and adjacent corridors for the safety of motorists, bicyclists and pedestrians.

vii. **North of the Broad Transportation System Improvements - $60,000,000**
    Intersection improvements, pathways, flood prevention on access roads such as, Warsaw Island Road, and other projects in both incorporated and unincorporated areas developed in coordination with the City of Beaufort and the Town of Port Royal.

viii. **Hwy 278 Project Enhancements -$60,000,000**
      Additional funding to support the US 278 Corridor Improvement Project.

ix. **Future Projects - $175,000,000**
    The County and its neighbors will continue to grow into the future, and work must be continued to plan for the transportation improvements going forward. As an example, and while not specifically listed here, a third bridge between Port Royal Island and Lady’s Island has been discussed for decades and given the growth on Lady’s Island, may become necessary before too long.

c. **Project Programs and Amounts**
   
i. **Mass Transit – $100,000,000**
      Funding multimodal transportation planning and implementation, to include marine transport and commercial airport improvements for a more robust and equitable public transportation system.

ii. **Safety and Traffic Flow - $250,000,000**
    Safety improvements along roadways and intersections to include pedestrian accommodations.

iii. **Emergency Evacuation and Resiliency - $90,000,000**
Improvements to transportation infrastructure to address flooding, rising sea levels, stormwater, and drainage.

iv. **Pavement Resurfacing and Preservation – $180,000,000**
Road resurfacing and preservation of ALL roadways (State, County, and municipal-owned) throughout the County. The goal is to improve the overall pavement condition of roads across the County. This includes paving county and municipally owned dirt roads throughout the county.

v. **Pathways - $180,000,000**
Design, right of way acquisition, and construction of bike and pedestrian accommodations throughout the County in accordance with the Beaufort County Connects Bicycle and Pedestrian Plan 2021. We recommend that priority be given to pathways already approved by the voters in the 2018 referendum.

vi. **Transportation Technology/Access Roads - $90,000,000**
Planning, design, right-of-way acquisition, and construction of access roads for better interconnectivity. Implementation of transportation technologies to support enhancements to capacity and safety of the transportation system.

vii. **Greenbelts (Long-term Demand Reduction) - $85,000,000**
Acquisition of property to reduce new lots and thereby establish a balance between environmental protection and development growth. *Note: the term “Greenbelt” is used in the enabling legislation as an eligible category of expenditure.*

9. **Implementation Recommendations**
   a. **Citizen’s Oversight Committee (“Committee”)**
      i. County Council, with other stakeholders, should create a citizen’s oversight committee similar to the BCSD’s successful Citizen’s Oversight Committee to oversee and prioritize projects for the entire length of the program. It should meet bi-monthly or quarterly. Its membership of seven members should reflect the interests of all citizens of the County.
ii. The Committee should make a call each year for projects from all stakeholders (County, municipalities, LATS/COG) for general projects.

iii. The Committee should prioritize all central programs, such as:
1. **Safety**: intersection improvements, turn lanes, rural road improvements. Specifics to be developed.
2. **Dirt Road Paving**: update the existing 5-year plan to include municipal dirt roads.
3. **Resilience**: priorities should be based on susceptibility to flooding and population or critical functions the road serves.
4. **Resurfacing**: program to look at improving any and all roads (DOT, County, Municipal) specifics to be developed.
5. **Pathways**: use approved county-wide pedestrian and bike master plan as a guide. Priorities to projects already approved by voters.
6. **Transportation Technologies/Access Roads**: focus on access and connecting roads, smart signals, and other advanced transportation technologies.

b. **Issue Revenue Bonds**
Big projects should be bonded for immediate work.

c. **Long Term Demand Reduction**
Utilize the new Greenspace Board for priority setting of expenditures related to land or development rights acquisition.

d. **Mass Transit**
Because no central plan currently exists for a comprehensive mass transit program, this should be the first priority. Utilize the existing transit authority as the lead agency for this effort supported by an advisory committee.
10. Conclusions
As we weaved through the process and reviewed the gravity of the assignment and the critical needs for improvement and new components for our local mobility, it became quite evident that there is much to do. It appears that we are not just behind the “8 ball”; we are under it, and it will take a coordinated public relations effort to move this referendum forward for a better “mobility” future for all of us.

On behalf of the Sales Tax Advisory Committee members, may I say that it has been an honor to be entrusted by Council with preparing these important recommendations. I am available to meet with Council at your discretion to explain and discuss these projects and recommendations.

Sales Tax Advisory Committee:

Dean Moss, Chairman
Untron Solomon
Charlie Wetmore, Vice-Chairman
Morris Campbell
Carol Ruff
Tom Lennox
City of Beaufort, South Carolina

Financial & Compliance Audit – June 30, 2023

Presented by:
David Irwin, CPA

partner
Answer Any Questions

Required Communications

Financial Statements

Compliance Reports

Independent Auditor's Report

Overview of Today's Presentation
Financial & Compliance Audit

Material respects, in accordance with GAAP
Financial statements are fairly presented in all
Highest level of assurance
Financial Audit: Unmodified (Clean) Opinion

Auditing Standards and Governmental Auditing Standards
Generally Accepted Auditing Standards

MGA: to express opinions.
City: Responsible for financial statements.

Audit Opinion
Noted During Our Audit

- No Material Weaknesses or Significant Deficiencies
- Not Intended to Provide an Opinion
- Report on City’s Internal Controls and Compliance
  - Yellow Book Report
    - Unmodified (Clean) Opinion
    - Requiring $750K in Federal Expenditures
    - Compliance Audit
- Single Audit Report
  - Financial Report contains two (2) Compliance Reports:

Compliance Reports
City awarded CAFR Certificate for 16th year in a row.

Officers Association (CFOA) submitted annually to Government Finance Requirements.

CAFR goes above and beyond basic reporting.


Overview of Financial Statements.
June 30, 2023
Financial & Compliance Audit

- Notes to the Financial Statements
- Fund Level Financial Statements
- Government-Wide Financial Statements
- City's Financial Statements Include Three (3) Components

- Comparison Information
- Introduces and Summarizes Basic Financial Statements
- Written by Management
- Management's Discussion & Analysis (MD&A)

Overview of Financial Statements
Increase in Net Position of $3.3M vs $4.8M increase in PY

$31 Million = expenses ($25.6M in FY22)

$34.4 Million = revenues ($30.4M in FY22)

$23.8 Million = net position (or equity)

$54.3 Million = total liabilities and deferred inflows

$69.5 Million = capital assets, net of A/D

$106.1 Million = total assets and deferred outflows

Government-Wide Financial Statements
General Fund Revenues
General Fund Expenditures
General Fund - Fund Balance History
Auditing Standards

- We are independent of the City as Required by Government
- No Uncorrected Misspellings
- No Significant Issues Discussed with Management
- No Disagreements with Management
- We Received Full Cooperation from Management and Staff
- Clean Opinion and No Audit Findings

Required Communications
Closing

We appreciate the opportunity to serve the City of Beaufort and look forward to serving the City in the future.
Fiscal Year Ended June 30, 2023

Financial Report Overview

Annual Comprehensive
Introduction

Management Discussion and Analysis

This report presents the financial highlights for the fiscal year ending June 30, 2023, and contains other supplementary information. Financial performance, the financial statements and statistical information to enhance their understanding of the City's financial statements and notes to the financial statements, letters, financial statements, notes to the financial statements, letters to readers, and readers to consider the information presented within this discussion and analysis in conjunction with additional information presented year ended June 30, 2023. Management encourages readers to consider the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We offer readers of the City of Beaufort, SC, the financial statements, and notes to the financial statements and letters to readers.
The following table presents a summary of the City's Net Position as of June 30, 2023.
In fiscal year 2023, property taxes support 35.3% of the governmental services to citizens and the community.

The City's bond rating from Standard & Poor's is AA and an A2 rating from Moody's Investors Services for General Obligation debt.

The City's long-term indebtedness is $2.279.025 and the increase in debt is caused by bond issues and increases in outstanding debt. The overall net increase of $2.279.025 and a decrease in debt of $1.873.261 contributed to an overall net increase in the City's liabilities, totaling a net increase of $495,757 from June 2022.

As of June 30, 2023, the City's total cash on hand was $31,324,769 compared to $24,751,527 at June 30, 2022.

The City's total cash position at June 30, 2023, was $31,324,769 compared to $24,751,527 at June 30, 2022.

The City's ongoing obligations to citizens and creditors.

Government-Wide Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $51,796,875. Net position, unrestricted net position is reported as $(77,260,272) due to the recent fiscal year by $51,796,875.
The following table presents a summary of the City's Statement of Activities as of June 30, 2023.
with an increase in investment earnings of $723,013 due to a rising interest rate market.

Other General Revenues increased a net $1,152,460. The City recognized Property sales of $629,304 alone

exceeded pre-pandemic levels.

Taxes increased a net $858,480 or 6.4%. Property taxes increased $399,366 from growth in assessed property

values and accommodations and hospitality taxes increased $442,011 as tourism activity improved and

infrastructure related to Wharfhill Boardwalk project that was completed in prior year.

Capital Grants and Contributions decreased by $743,040 or 95.7% primarily as result of Capital Grants for

operating expenses due to state grant

for nursing retention and cybersecurity for $1,748,300.

Governmental activity revenues are as follows:

Overall Revenues increased $4,007,987 or 13.2% over the proceeding year. Key elements of significant changes in

Government-Wide Revenue Highlights
Government-Wide Expense Highlights

- Public works expenses increased $462,172 or 15.8% due to lighting strike repairs and janitorial services at City Hall.
- Fire and emergency expenses increased $794,020 or 13.1% from a down payment for a future fire truck.
- Arrangements.

Principal expenses related to the city's implementation of GASB 96 Subscription-based Information Technology fund distribution of $1,723,300 for nursing retention and cybersecurity and recording amortization and prefunding from a combination of state grant.

General government expenses increased $3,473,644 or 62.6% predominantly from a combination of state grant.

Overall expenses increased $5,466,391 or 21.3% over the preceding year. Significant changes in expenses within...
The following is Statement of Revenues, Expenditures, and Changes in Fund Balances as of June 30, 2023.
Interests earnings revenue increased $293,209 or 1.24% as a result of a rising interest rate market on the City's investments.

Residential Garbage collection fees on their annual property tax bill, rather than on their monthly water bills.

Changes for services decreased $50,494 or 30.1% as the City made a change effective January 2022 to change local higher education partnership to fund these important initiatives.

State grant for nursing retention and cybersecurity that was distributed to Beaufort Memorial Hospital and our 300 state of $1,748,300.

An increase of $1,678,288 or 56.1% is reported in intergovernmental revenue as the City received a $1,736,761 General Fund revenue increased $2,736,761 or 12.7% from the prior year. The significant changes are primarily attributed to the following:

- Decrease in revenue from traditional sources, such as property taxes, real property taxes, and the like.
- Increase in revenue from non-traditional sources, such as grants, fees, and licenses.
- Increase in revenue from accounts receivable.
- Decrease in revenue from accounts payable.

The changes in revenue are due to a variety of factors, including changes in the economy, changes in tax policies, and changes in the local market.
Approved capital budget.

- Streets increased $235,512 or 32.5% from emergency traffic signal repairs and purchase of streetlights in their
  lifetime
- Lightning strike repairs for City Hall along with new garage doors at Public Works facility.
- Public Works increased $34,373 or 17.2% as most of the increase is due to added janitorial services and
  additional $85,621 for fire services support from a local fire district.
- Fire and emergency increased $502,344 or 8.3% from increases in personnel and benefits of $41,428 and an
  additional $38,757 for training simulator and trained K9 dogs.
- Law enforcement saw a $675,980 increase over the prior year. Net increase in personnel and benefits
  attributable to $428,075 of the overall increase and a $35,125,757 increase in capital purchases including a virtual
  support for nursing retention and cybersecurity initiatives with our local partners.
- General government decreased $382,920 or 27.1% over the prior year. Majority of the decrease is a result of
  the City's purchase of the Station and Cybersecurity building last year, but offset by $1,746,757 increase in
  the General Fund expenditures decreased $493,593 or 1.8% over fiscal year ended June 30, 2023.

General Fund Expenditure Highlights
normal, therefore attributable to an increase in personal and operating expenditures this fiscal year.

were taken last fiscal year by delaying planned activities until the tourism activity resumed back to

exceeding pre-pandemic levels as shown through hospitality and accommodations fees. Some cut back measures

revenues of $5,177,369 were $522,081 more than FY 2022. The increase in revenue is due to tourism activity

The Parks & Tourism Fund expended $5,849,039 in the current year which is $355,737 more than the prior year and

Parks and Tourism Fund

that were underway and at various stages of completion.
and surrounding areas of the City totaling $244K. During fiscal year 2023, the City had ten (10) active capital projects

Southside Park improvements for $196K, and costs associated with large stormwater drainage projects in The Point

Year activity is a result of three projects: upgrades to building located at 500 Center Street or $67K, expending for

Year fiscal year 2022. The decrease is attributable to

The Capital Project Fund expended $581,059 or $971,676 less than fiscal year 2022.

Capital Projects Fund

higher than prior year due to a rising interest rate environment in investment earnings.

The TIF II Fund expended $43,799 or $28,963 more than fiscal year 2022. This increase is attributable with a vacant

Tax Increment Financing District II Fund (TIF II)

Other Major Funds Highlights


drainage projects throughout the City.

The other financing uses comprised of $280,560 transferred out to the capital projects fund for service payments. The other financing uses included $511,477 for debt service in stormwater fees. Stormwater operating expenditures were $1,203,337 and included $22,477 which is only $12,437 less than fiscal year 2022 as revenues remain.

Stormwater Fund

Stormwater funding is inflows of stormwater revenues and other inflows related to the stormwater system. The American Rescue Plan Act fund is mostly related to purchases for public safety initiatives.
Questions/Comments

Financial Report Overview
Annual Comprehensive