

# COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING  
100 RIBAUT ROAD  
POST OFFICE DRAWER 1228  
BEAUFORT, SOUTH CAROLINA 29901-1228  
TELEPHONE: (843) 255-2180  
FAX: (843) 255-9401  
www.bcgov.net

WM. WESTON J. NEWTON  
CHAIRMAN

D. PAUL SOMMERVILLE  
VICE CHAIRMAN

COUNCIL MEMBERS

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

GARY KUBIC  
COUNTY ADMINISTRATOR

BRYAN J. HILL  
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL  
COUNTY ATTORNEY

SUZANNE M. RAINEY  
CLERK TO COUNCIL

## AGENDA FINANCE COMMITTEE

Tuesday, January 18, 2011  
2:00 p.m.

Conference Room, Building 2  
Beaufort Industrial Village  
102 Industrial Village Road, Beaufort

Committee Members:

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

Staff Support

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

**2:00 p.m.**

1. CALL TO ORDER
2. CONSIDERATION OF CONTRACT AWARD
  - Aircraft Insurance for Beaufort County Mosquito Control ([backup](#))
3. FINANCING OPTIONS AND COMMITTEE RECOMMENDATION / AUTHORITY TO PURCHASE BEAUFORT COMMERCE PARK ([backup](#)) ([presentation](#))
4. CONSIDERATION OF REAPPOINTMENTS AND VACANCIES
  - Accommodations Tax (State 2%) Board
5. ADJOURNMENT

Finance		
Date	Time	Location
February 21	2:00 p.m.	BIV #2
March 21	2:00 p.m.	BIV #2
April 11	2:00 p.m.	ECR
April 18	2:00 p.m.	BIV #2
April 25	2:00 p.m.	ECR
May 16	2:00 p.m.	BIV #2
May 23	2:00 p.m.	ECR
June 13	2:00 p.m.	ECR
June 20	2:00 p.m.	BIV #2
July 18	2:00 p.m.	BIV #2
August 15	2:00 p.m.	BIV #2
September 19	2:00 p.m.	BIV #2
October 17	2:00 p.m.	BIV #2
November 21	2:00 p.m.	BIV #2
December 13	2:00 p.m.	BIV #2

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

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






**COUNTY COUNCIL OF BEAUFORT COUNTY  
PURCHASING DEPARTMENT**

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

TO: Councilman Stewart H. Rodman, Chairman, Finance Committee

VIA: Gary Kubic, County Administrator  
Bryan Hill, Deputy County Administrator  
William Winn, Director of Public Safety  
David Starkey, Chief Financial Officer   
Miriam Mitchell, Risk Manager  
Greg Hunt, Director of Mosquito Control

FROM: Dave Thomas, CPPO, Purchasing Director

**SUBJ: IFB # 9953/111226 Aircraft Insurance for Beaufort County Mosquito Control**

DATE: January 10, 2011

**BACKGROUND:** Beaufort County advertised for bids in December, 2010 requesting proposals from qualified aircraft insurance service providers. Our current provider is Hope Aviation Insurance from Columbia, South Carolina. The current premium is \$89,750 per year which, at the time, covered four (4) aircraft, equipment, and pilots. Since September 2010, we have reduced our fleet to one (1) fixed winged aircraft (1968 OV-10 Bronco) and one (1) helicopter (1980 MD-500). The County's intent is to reduce our overall insurance premium by requesting competitive bids. Note, the new contract date will need to begin on February 8, 2011. We received the following bids on December 17, 2010:

- |  |          |
|--|----------|
| 1. NationAir Aviation Insurance, Sebastian, FL | \$36,713 |
| 2. Hope Aviation, Columbia, SC                 | \$47,518 |

**FUNDING:** Account 41390-51540 (Insurance Other), which has an available FY 2011 budget of \$89,750.

**RECOMMENDATION:** The Finance Committee approve the contract award to NationAir Aviation Insurance in the amount of \$36,713 for an initial contract term of one (1) year with four (4) additional one (1) year renewal periods all subject to the approval of Beaufort County.

Cc: Richard Hinehline, Elizabeth Wooten



# *Beaufort County, South Carolina*

## *Future Financing Assumptions*





## Presentation Outline

- ❖ Current Millage Estimates
- ❖ Imminent Requirements
- ❖ St. Helena Library/Courthouse Reskin Project Financing
- ❖ Rural & Critical Lands Referendum
- ❖ Projected Millage Requirements
- ❖ Commerce Park Purchase
- ❖ Commerce Park Financing Options & Recommendation
- ❖ Other Considerations
- ❖ Conclusion
- ❖ Questions



## Current Millage Estimates

- ❖ Without Any New Debt:
  - ❖ FY 2012 = 8.80 Mils
    - ❖ General Obligation (GO) Debt = 4.84
      - ❖ .27 Mil Increase
    - ❖ Voted Debt = 3.96
      - ❖ 1.20 Mil Increase
  - ❖ FY 2013 = 8.24 Mils (4.47 GO, 3.77 Voted)
  - ❖ FY 2014 = 8.07 Mils (4.35 GO, 3.72 Voted)
  - ❖ FY 2015 = 8.33 Mils (4.50 GO, 3.83 Voted)
  - ❖ FY 2016 = 8.56 Mils (4.63 GO, 3.93 Voted)



## Imminent Requirements

- ❖ St. Helena Library
- ❖ Capital Asset Repairs
  - ❖ Administrative Complex Reskin
    - ❖ Total Estimated at \$13 Million
    - ❖ Courthouse Portion Estimated at \$8 Million





## Rural & Critical Lands Referendum

- ❖ \$10 Million left in \$50 Million Referendum
- ❖ Balance as of 12/31/2010 in Unrestricted Rural & Critical Lands Fund = \$4.9 Million
- ❖ Rural & Critical Lands Board has Requested the Last \$10 Million Borrowing
- ❖ Top Priority – Strategic Plan – Page 17



## St. Helena Library USDA Loan & Federal Grants

- ❖ \$10 Million in USDA Loans and USDA/CDBG Grants Granted in 2010
  - ❖ Will Receive \$6 Million in Loan Monies in 2011
  - ❖ The Next \$4 Million in Grant Monies will Reimburse Expenditures as They are Realized
- ❖ \$5 Million in County 2006 Bonds Originally for St. Helena Library Reclassed to Courthouse Reskin Project
- ❖ Top Priority – Strategic Plan – Page 18





## Projected Millage Requirements

- ❖ With \$6 Million USDA Loan & \$10 Million Rural & Critical (Voted) Borrowing:
  - ❖ FY 2012 = 9.54 Mils
    - ❖ GO Debt = 5.06 (.49 Mil Increase)
    - ❖ Voted Debt = 4.48 (1.72 Mil Increase)
  - ❖ FY 2013 = 8.98 Mils (4.70 GO, 4.28 Voted)
  - ❖ FY 2014 = 8.79 Mils (4.57 GO, 4.22 Voted)
  - ❖ FY 2015 = 9.02 Mils (4.71 GO, 4.31 Voted)
  - ❖ FY 2016 = 9.24 Mils (4.84 GO, 4.40 Voted)



## Commerce Park Purchase

- ❖ Approximately \$2.5 Million to Payoff Lowcountry Economic Network Note
- ❖ Commerce Park Valued at \$3.75 Million (August 2009)
- ❖ High Priority – Strategic Plan – Page 17





## Commerce Park Financing Options

- ❖ With \$6 Million USDA Loan, \$10 Million Rural & Critical (Voted) Borrowing, & \$2.5 Million Borrowing for Commerce Park - Option 1:
  - ❖ FY 2012 = 9.67 Mils
    - ❖ GO Debt = 5.19 (.62 Mil Increase)
    - ❖ Voted Debt = 4.48 (1.72 Mil Increase)
  - ❖ FY 2013 = 9.10 Mils (4.82 GO, 4.28 Voted)
  - ❖ FY 2014 = 8.91 Mils (4.69 GO, 4.22 Voted)
  - ❖ FY 2015 = 9.14 Mils (4.83 GO, 4.31 Voted)
  - ❖ FY 2016 = 9.36 Mils (4.96 GO, 4.40 Voted)





## Commerce Park Financing Options

- ❖ Option 2:
  - ❖ The Courthouse Reskin Project Should Not Need the Full \$11 Million Within 1 Year
  - ❖ Use \$2.5 Million Temporarily from the Reskin Monies to Purchase the Beaufort Commerce Park (Bond Portion)
  - ❖ A Future Borrowing Would Replenish the \$2.5 Million Back to the Reskin Project Prior to Those Monies Being Needed
  - ❖ The County Has \$16.2 Million in Unspent Bond Monies Borrowed from 2001 – 2009
  - ❖ Temporarily Reduces Millage Increase and Helps to Smooth Future Millage Requirements



## Commerce Park Financing Options

- ❖ Option 3:
  - ❖ Draw Down General Fund Balance
  - ❖ Eliminates Need for Additional Borrowing
  - ❖ Temporarily Reduces County's Reserve



## Recommendation

- ❖ Option 2
  - ❖ Temporarily Reduces Millage Increases
  - ❖ Keeps Reserve Up
    - ❖ Emergencies
    - ❖ Bond Ratings





## Other Near-Term Needs

- ❖ South-of-the-Broad Office Purchase
  - ❖ The County Expends \$22,244 per Month in Rent
  - ❖ The Purchase of a Property Would Produce a Net Savings Within 10 - 15 Years and Immediate General Fund Savings
  - ❖ The County has \$727,274 Available in its FY 2005 Bonds for Part of This Purchase



## Quick Debt Calculator

- ❖ For Each \$1 Million Borrowed:
  - ❖ .05 Mil Increase For the First 5 Years
  - ❖ Assumes Constant Mil Value of \$1.74 Million
  - ❖ Assumes Straight-Line Amortization



**Questions?**



**Finance Committee**

2010 - 2011 Assignments

Effective: January 1, 2011

**Chairman:** Stu Rodman**Vice Chairman:** William McBride**Members:** Steven Baer, Brian Flewelling, Paul Sommerville, Jerry Stewart, and Laura Von Harten**Staff Support:** David Starkey

	Topic	Carried Forward	Assigned	Status	Resolved
1	Hurricane Revenue Anticipation Notes	December 2008		Discussed 09.20.10	
2	Beaufort Chamber \$270,000 and HHI Chamber request for \$270,000 each from hospitality tax		February 17, 2010	Committee discussion 03.22.10, 04.27.10, 08.16.10, 08.23.10	
3	Black Chamber request for \$125,000 from hospitality tax		March 30, 2010	Committee discussion 04.27.10, 08.16.10, 08.23.10	
4	Airport Funding Initiatives		April 12, 2010	Committee discussion 04.19.10	
5	Audit Special Procedures Findings		November 8, 2010	Committee discussion 11.29.10	

# County should get details before voting on purchase

Beaufort County officials had enough time to put together a detailed proposal on buying the Beaufort Commerce Park.

Ten months after the Lowcountry Economic Network approached Beaufort County about buying an industrial park the group owns, we still don't have the specific information that would help determine whether this is the right thing to do.

But that didn't stop Beaufort County Council from voting Monday to move ahead with the purchase. It was the first of three votes needed.

Why don't we have the information today that the council says is necessary to make a final determination?

At Monday's meeting, the council didn't discuss the purchase. Details are to be discussed in a Finance Committee meeting Tuesday.

"It will be vetted in committee," said county administrator Gary Kubic. "If it receives a recommendation from committee to move forward, the second reading will be more explicit with the terms and conditions."

If it can be done that quickly and thoroughly, why wasn't the information available for the first vote?

The economic development group asked the county last March to purchase its holdings in the 200-acre park off U.S. 21 near Marine Corps Air Station Beaufort. It owed about \$2.4 million of the \$2.9 million it borrowed to buy the property in March 2006.

The group had planned to pay off the three-year loan as it sold property, but it has sold only 30 acres of the 180 acres suitable for building. The remaining 20 acres are wetlands.

When it sought to refinance in 2009, it was told that its interest-only financing would continue just through the end of the year. As a result, the network's monthly payments doubled to \$20,000 a month, Kim Statler, the group's executive director said last March. That was an amount the group couldn't afford for the long term.

Now the group is approaching the fifth anniversary of its three-year loan. Deadlines probably are

looming.

In March, the council authorized Kubic to offer up to \$1.5 million for the park, but that offer was rejected.

In May, Council Chairman Weston Newton, who was generally in favor of the purchase, posed these questions:

"Where's the money coming from and what are we willing to give up? What are the taxpayers willing to give up? I still remain very stumped at that question and frustrated."

Another question: Why hasn't property been selling there? The property has utilities, including a stormwater management system. The economic development group says it's in a great location and has lots of potential.

If most of the property didn't sell before the economic downturn, why do county officials think it will sell now? And if it isn't sold for industrial development, what else can be done with it? And if \$1.5 million wasn't acceptable, what price will have to be paid?

County officials in May mentioned it as a possible site for a solid waste transfer station. How much property would that entail?

Councilman Steve Baer was the lone vote against the proposal Monday.

"In terms of looking out for the people's interests, we don't know if this is a good plan or not that we're rushing forward to finance. We don't know what the alternatives are, we don't even know what the total costs are," Baer said. "What we're doing here is, without any more data, we're taking two weeks out of the review process ..."

And, he said, the vote creates the impression that council has made up its mind on the project.

It's more than an impression. The council signaled last March that this would happen. Now we'll see what information will justify a purchase and under what terms it will happen — a case that should have been made before the first vote.

It never sits right when a government body votes on an issue with so little information in hand, and 10 months after a proposal is first made, that's especially true.