

# COUNTY COUNCIL OF BEAUFORT COUNTY

ADMINISTRATION BUILDING  
100 RIBAUT ROAD  
POST OFFICE DRAWER 1228  
BEAUFORT, SOUTH CAROLINA 29901-1228  
TELEPHONE: (843) 255-2180  
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WM. WESTON J. NEWTON  
CHAIRMAN

D. PAUL SOMMERVILLE  
VICE CHAIRMAN

## COUNCIL MEMBERS

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

GARY KUBIC  
COUNTY ADMINISTRATOR

BRYAN J. HILL  
DEPUTY COUNTY ADMINISTRATOR

LADSON F. HOWELL  
COUNTY ATTORNEY

SUZANNE M. RAINEY  
CLERK TO COUNCIL

## AGENDA FINANCE COMMITTEE

Monday, March 21, 2011

2:00 p.m.

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

### Committee Members:

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

### Staff Support

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

**2:00 p.m.**

1. CALL TO ORDER
2. CONSIDERATION OF CONTRACT AWARDS
  - Auditing and Consulting Services
  - GTT Opticom GPS Equipment
3. MONTHLY FINANCIAL REPORT ([backup](#))
4. DISCUSSION / BOND ISSUANCE IN AN AMOUNT NOT TO EXCEED \$10 MILLION FOR RURAL AND CRITICAL LANDS PROGRAM ([backup](#))
5. FINANCING DISCUSSION / HERITAGE GOLF TOURNAMENT ([backup](#))
6. ADJOURNMENT

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

| Finance      |           |          |
|--------------|-----------|----------|
| Date         | Time      | Location |
| 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   |

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 3, 102 Industrial Village Road  
Post Office Drawer 1228, Beaufort, SC 29901-1228  
Phone: (843) 255-2350 Fax: (843) 255-9437

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

VIA: Gary Kubic, County Administrator *GKubic*  
Bryan Hill, Deputy County Administrator *BHill*  
David Starkey, Chief Financial Officer *DStarkey*

FROM: Dave Thomas, CPPO, Purchasing Director *DT*

**SUBJ: RFP# 3918/110128 Auditing and Consulting Services**

DATE: February 18, 2011

**BACKGROUND:** Beaufort County issued Request for Proposals (RFP) to firms capable of providing an independent audit and consulting services for five (5) years, beginning with an audit of the financial statements for fiscal year ending June 30, 2011 through June 30, 2015. The evaluation committee consisted of the following three (3) members from the County's Finance Department: David Starkey, CFO, Alan Eisenman, Finance Supervisor, and Alicia Holland, Finance Supervisor. The evaluation committee interviewed the top three (3) firms and selected Elliott Davis, LLC as the number one ranked firm.

**FINAL EVALUATION RANKING:**

1. Elliott Davis LLC, Columbia, SC
2. Holland, Henry & Bromley LLP, Savannah, GA
3. S. Preston, Douglas & Associates LLP, Whiteville, NC
4. Webster Rogers LLP, Summerville, SC

Please see attachment 1 for pricing information.

**FUNDING:** Account # 12000-51160 (Professional Services) for fiscal years 2011-2015.

**RECOMMENDATION:** The Finance Committee approve and recommend to County Council approval of a contract award for auditing services to Elliott Davis LLC, the top ranked firm, with the anticipated cost for the first year of \$49,500. Additionally, recommend four annual renewals subject to approval by Beaufort County Council. Total anticipated cost for five years is \$260,200.

Cc: David Starkey, Richard Hinehline, Elizabeth Wooten  
Attachment 1: Pricing Information

**Attachment 1, Pricing Information**

| <b>Audit Pricing for each Fiscal Year</b> | <b>Elliott Davis LLC</b> | <b>Holland, Henry, &amp; Bromley, LLP</b> | <b>S. Preston, Douglas &amp; Associates, LLP</b> | <b>Webster Rogers LLP</b> |
|---|--------------------------|---|--|---------------------------|
| 2011                                      | \$49,500                 | \$55,000                                  | \$48,000   | \$85,000                  |
| 2012                                      | \$50,700                 | \$57,000                                  | \$49,000   | \$86,900                  |
| 2013                                      | \$52,100                 | \$60,000                                  | \$50,000   | \$88,800                  |
| 2014                                      | \$53,300                 | \$62,000                                  | \$51,000   | \$91,000                  |
| 2015                                      | \$54,600                 | \$65,000                                  | \$52,000   | \$93,000                  |
| <b>Total</b>                              | <b>\$260,200</b>         | <b>\$299,000</b>                          | <b>\$250,000</b>                                 | <b>\$444,700</b>          |





COUNTY COUNCIL OF BEAUFORT COUNTY  
BEAUFORT COUNTY TRAFFIC & TRANSPORTATION  
ENGINEERING DEPARTMENT  
113 Industrial Village Road, 29906  
PO Drawer 1228, Beaufort, SC 29901-1228  
Phone: (843) 255-2940 Fax: (843) 255-9443

TO: Councilman Stu Rodman, Chairman, Finance Committee

VIA: Gary Kubic, County Administrator  
Bryan Hill, Deputy County Administrator  
David Starkey, Chief Financial Officer  
Dave Thomas, Purchasing Director  
Robert McFee, Director of Engineering & Infrastructure

FROM: Colin Kinton, County Traffic & Transportation Engineer

SUBJ: **GTT Opticom GPS Equipment**

DATE: March 16, 2011

**BACKGROUND:** The Traffic Engineering and Traffic Management Departments propose expanding and improving the Intelligent Transportation System (ITS) components along SC 170 utilizing funds remaining from the 2003 SC 170 widening sales tax collections. The initial project phase includes expansion of the existing emergency vehicle pre-emption system utilized at traffic signals in southern Beaufort County.

A sole source proposal was requested from Temple, Inc. who is the exclusive provider of the GTT Opticom Emergency Pre-Emption equipment utilized by the County. Temple's price proposal is for \$115,046.40 and would include the following eight intersections, 21 emergency vehicles and sales tax:

1. SC 170 at US 21 (Boundary St)
2. SC 170 at Burton Hill Rd
3. SC170 at SC 280
4. SC 170 at Castle Rock Rd
5. SC 170 at Savannah Hwy
6. SC 170 at Agent Blvd
7. SC 170 at Cherry Point Rd
8. SC 170 at Riverbend

The equipment provider has agreed to reduce the equipment price to meet our budget and include proprietary control management software that allows networked data collection, review and adjustment of the equipment.

**FUNDING:** Funding for this project will be from account #13276-54450 - Other Improvements in the amount of \$115,046.40. Available funds in this account total \$210,243.

**RECOMMENDATION:** The Finance Committee approves and recommends to County Council the purchase of the GTT Opticom GPS Equipment from Temple, Inc.

CK/cg



cc: William Winn, Public Safety Division Director





# SC 170 PROPOSED EMERGENCY VEHICLE PREEMPTION SYSTEM

March 17, 2011

## Legend

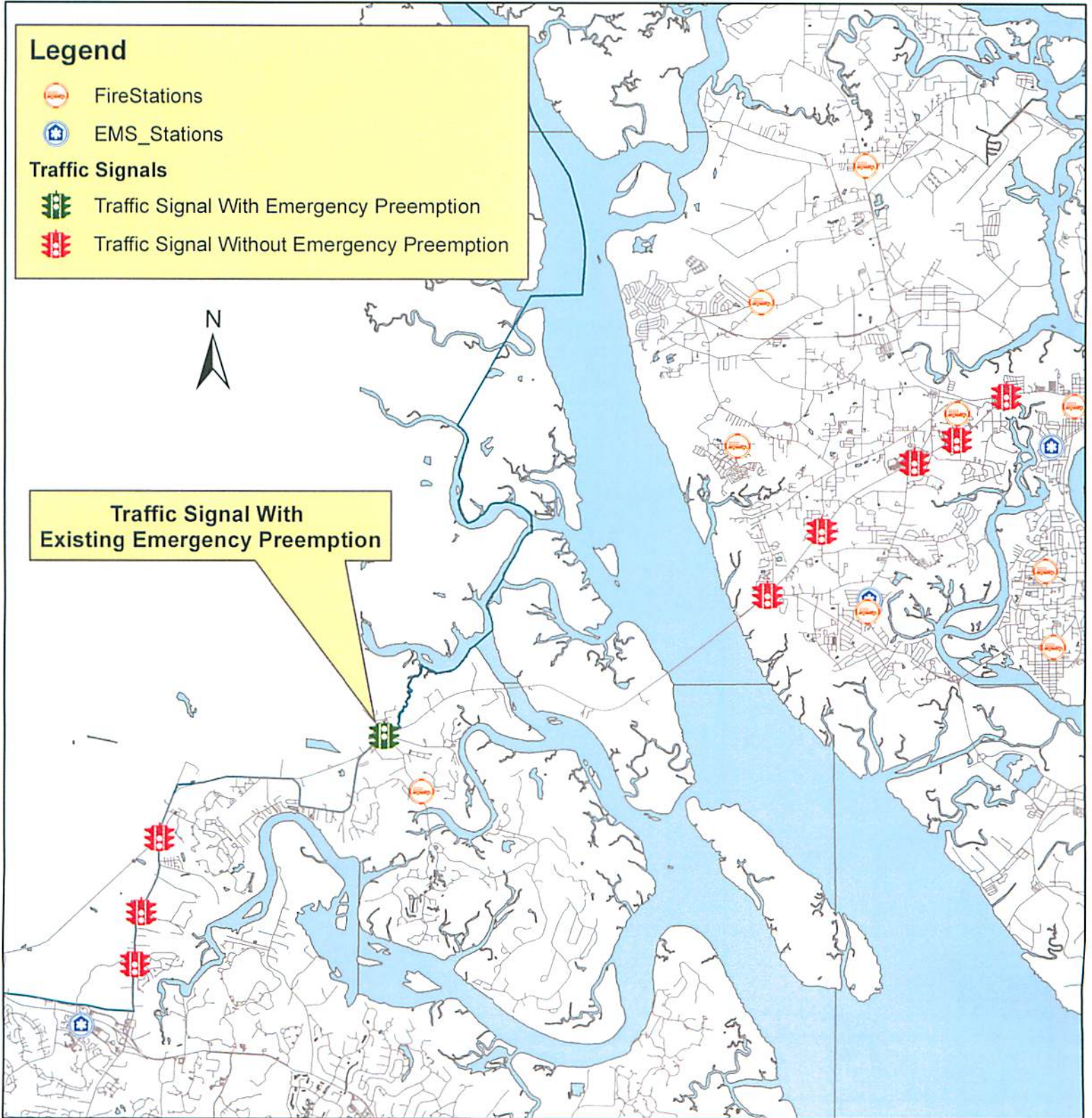
-  Fire Stations
-  EMS Stations

## Traffic Signals

-  Traffic Signal With Emergency Preemption
-  Traffic Signal Without Emergency Preemption



Traffic Signal With  
Existing Emergency Preemption



**Temple, Inc.**  
P.O. Box 2066  
Decatur, Alabama 35602-2066  
Phone 1-800-633-3221  
Fax (256) 353-4578



**Temple**

*Serving the South Since 1954!*

*Beaufort County*  
**Colin Kinton**

**GTT Opticom GPS Equipment**

|          |                      |
|----------|----------------------|
| DATE     | March 16, 2011       |
| NET 30   |                      |
| DELIVERY | 4 to 6 Weeks, A.R.O. |
| SALESMAN | Byron Hood           |

**CONDITIONS:** The prices and terms on this quotation are not subject to verbal changes or other agreements unless approved in writing by Temple, Inc. All quotations and agreements are contingent upon strikes, accidents, fires, availability of materials and all other causes beyond our control. Prices are based on costs and conditions existing on date of quotation and are subject to change by Temple, Inc. before final acceptance. Freight will be prepaid and allowed unless otherwise noted on this quotation.

| Quantity | Description   | Price        | Amount               |
|----------|---|--------------|----------------------|
| 8        | GTT Opticom Intersection GPS Equipment<br><u>To Include:</u><br>(1) Opticom GPS phase selector (#78-8118-6970-6)<br>(1) GPS Radio Unit (#76-1000-1027-0) cabinet mount<br>(1) GPS Auxilliary Interface Panel (#78-8125-0435-1)<br>(1) GPS Green Sense Harness (#78-8125-0454-2) | \$ 5,565.00  | \$ 44,520.00         |
| 21       | Opticom GPS Preemption Vehicle Kit (High Priority)<br>(Product#: 78-8125-0430-2)  | \$ 3,000.00  | \$ 63,000.00         |
|          |   | <b>TOTAL</b> | <b>\$ 107,520.00</b> |

**\*Special pricing:** above equipmet must ship by 3/31/11 to qualify for the prices listed.

**NOTE:**  
*Shipping is included in the price.*  
Taxes are not included in the price, if applicable tax would be added.  
Installation is not included in the price.

Quote Valid For 30 Days.

SALESPERSON





Beaufort County Procurement Services  
**Sole Source Justification**  
(For Noncompetitive Purchases over \$500)

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To: Purchasing Department:

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Your approval is requested to initiate a sole source procurement action:

Requestor Name  
and Title:

Colin Kinton, Traffic Engineer

*Note: Requestor must be an expert in the respective field who is able to defend this justification.*

Requestor Dept:

Traffic & Transportation Engineering

Requisition #:

Recommended Sole Source procurement action with:

Company Name: Temple, Inc.

Contact Name: Bryon Hood

Address: P O Box 2066

City, State, Zip: Decatur, AL 35602-2066

Telephone: (800) 633-3221

Is the recommended company the manufacturer?

Yes  No

Does the manufacturer sell the item(s) through distributors?

Yes  No

Description of  
Product or Service:

GTT Opticom GPS Equipment for 8 intersections & 21  
Emergency Vehicles

*Describe the full scope of work contemplated including installation if  
required; items should include brand, model and part number if applicable*

Schedule:

4 to 6 weeks from notice to proceed

*Identify the date you need items delivered OR number of week/months work is  
to be performed or items delivered*

Estimated Cost:

\$115,046.40





Beaufort County Procurement Services  
**Sole Source Justification**  
(For Noncompetitive Purchases over \$500)

**SOLE SOURCE RATIONALE**

Explain why the recommended company is the only company who can perform the requirement. Address the following: Are there any other companies who can do this job? What condition (e.g. technological superiority, or performance risks, etc.) exists so that the recommended company has a significant advantage over any other company who can do this job?

It is important to sufficiently address the major reason for conducting a noncompetitive procurement, avoiding peripheral issues which detract from the main reason and reduce the credibility of the justification. The rationale must be clear and convincing, avoiding generalities and unsupported conclusions. Use one or more of the following as applicable.

Use additional sheets if necessary.

A specific contractor is the only source of the required item because (check all that apply):

The required items are **proprietary to the Contractor**

A specific item is needed:

- to be compatible or interchangeable with existing hardware,
- as spare or replacement hardware,
- for the repair or modification of existing hardware, or
- for technical evaluation or test.
- to be procured for resale.

**It is not possible to obtain competition** (i.e., only one source is capable of supplying the items or meeting the requirements). *In a brief explanation, provide supporting evidence for the conclusion; other sources considered should be identified and why they are not able to meet the requirements.*

*Temple, Inc. is the distributor for GTT Opticom in SC. This equipment is already in use along the US 278 corridor and has proven itself to be dependable and reliable for emergency pre-emption at traffic signal intersections for emergency personnel.*

Where the purchase of a used item is available **only on short notice**, subject to prior sale and pursuant to Section 19 (a) of the Ordinance. *In a brief explanation, provide supporting evidence for the conclusion; other sources considered should be identified and why they are not able to meet the requirements.*



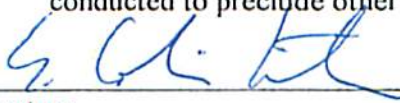
Beaufort County Procurement Services  
**Sole Source Justification**  
(For Noncompetitive Purchases over \$500)

- There is a **substantial technical risk** in contracting with any other contractor, thereby making that an unacceptable course of action (e.g., where only one contractor has been successful to date in implementing a difficult manufacturing process). *In a brief explanation, provide supporting evidence of other contractor's with relevant capabilities and emphasize their inability to overcome the substantial technical risk.*
- For support services effort, there is no reasonable expectation that a meaningful cost or other improvement could be made in the incumbent contractor's performance (e.g., the chances of another firm winning a competition are clearly remote. *Please provide a brief explanation.*
- An **Emergency situation exists that threatens** the health, welfare or safety of any person(s) in Beaufort County.
- An **Emergency situation exists that threatens** the preservation or protection of property.
- An **Emergency situation exists that threatens** the functioning of Beaufort County Government.  
*If yes was Selected for any of the above three options please briefly outline the emergency.*

**ACKNOWLEDGEMENT**

This Section Must be Completed

- X I am aware of the County's requirements for competitive bidding for purchases over \$500.00 and the criteria for justification for Single Source/Sole Brand Purchasing. I have gathered the required technical information and have made a concerted effort to review comparable/equal equipment (e.g., market research). I have attached the pertinent documentation showing what market research was conducted to preclude other items from consideration.

  
\_\_\_\_\_  
Signature

3-17-2011  
\_\_\_\_\_  
Date

  
03/17/2011

Financial Standard Operating Report

Report Month:  
February 2011

| 1 Assessor | Applications                | New Applications |               |
|------------|-----------------------------|------------------|---------------|
|            |                             | Accepted         |               |
|            | 2010 6% to 4%               | 3,943            | 3,208         |
|            | 2009 6% to 4%               | 4,691            | 4,108         |
|            | ATI # of Parcels            | 6712             |               |
|            | Market Value                | 2010             | 2009          |
|            | Assessed Value              | 2,083,328,302    | 1,141,039,493 |
|            |                             | 118,432,172      | 61,145,273    |
|            | Tax Year Appeals            | 2010             | 2009          |
|            | Total Received              | 4941             | 14578         |
|            | Remaining                   | 4705             | 790           |
|            | % Changed                   | 8%               | 32%           |
|            | Avg Change Market Value     | 39,685           | 52,890        |
|            | Avg Change Market Tax Value | 31,863           | 20,138        |
|            | Avg Change Assessed Value   | 2,089            | 1,146         |

| 2 Auditor         | TY 2010 Homestead Exemptions Processed    | # of Appeals | Value |
|-------------------|---|--------------|-------|
|                   |   |              |       |
| Automobiles       | TY 2010 Autos Billed                      |              |       |
|                   | TY 2010 Assessed Value of Autos Billed    |              |       |
| Personal Property | TY 2010 Personal Billed                   |              |       |
|                   | TY 2010 Assessed Value of Personal Billed |              |       |

|  |  |               |
|--|--|---------------|
| 3 Treasurer  | TY 2010 Real & Personal Billed         | 178,715       |
|  | TY 2010 General Fund Amount Billed*    | \$ 70,552,416 |
|  | TY 2010 General Fund Amount Collected* | \$ 64,257,400 |
| TY 2010 Autos Billed                               |  | 47,563        |
|  | TY 2010 General Fund Amount Billed*    | \$ 962,795    |
|  | TY 2010 General Fund Amount Collected* | \$ 385,524    |
| TY 2010 After Jan 18th Real & Personal Delinquent: |  |               |
|  | TY 2010 General Fund Collected*        | \$ 1,703,915  |
|  | TY 2010 General Fund Remaining*        | \$ 6,295,016  |

\* - Net of TIFs

| 4 Finance            | Impact - FY 2011 As of February 28, 2011 | Revised Ad Valorem Revenue Budget        | Actual Ad Valorem Revenues Collected     | Actual Ad Valorem Revenues Outstanding |
|----------------------|--|--|--|--|
|                      |  | Operations                               | \$ 76,942,618                            | \$ 68,081,171                          |
| Debt                 | \$ 8,223,638                             | \$ 7,602,989                             | \$ 620,649                               |  |
| Personal Property    | \$ 4,947,315                             | \$ 4,586,392                             | \$ 360,923                               |  |
|                      |  | Net Revenues Over Expenditures - FY 2011 | Net Revenues Over Expenditures - FY 2010 | Difference                             |
| Operations           |  | \$ 15,996,651                            | \$ 14,832,133                            | \$ 1,164,518                           |
| Debt** ***           |  | \$ 5,477,967                             | \$ (1,696,435)                           | \$ 7,174,402                           |
| Personal Property*** |  | \$ 559,923                               | \$ 235,023                               | \$ 324,900                             |

\*\* - Note: FY 2010's performance recognized more expenditures over revenues, due to the 2001 Bond Refinance.

\*\*\* - FY 2011 recognized higher debt millage to pay for larger debt requirements.



**Beaufort County**  
**Millage Effect - Potential \$10 Million Voter-Referendum Rural & Critical Lands**  
**Borrowing**

Estimated Millage Increase (Full First Year) = .52

Estimated Mil Value = \$1,742,286

**Estimated Tax Increase**

|                   | A.                              | B.                              |                                 | C.                              |                               | D.                            |                               | E.                            |                               |
|-------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                   |                                 | Owner Occupied (4%)             | Non-Owner Occupied (6%)         | Owner Occupied (4%)             | Non-Owner Occupied (6%)       | Owner Occupied (4%)           | Non-Owner Occupied (6%)       | Owner Occupied (4%)           | Non-Owner Occupied (6%)       |
| Value of Property | Estimated Increase - First Year | Estimated Increase - First Year | Estimated Increase - First Year | Estimated Increase - First Year | Estimated Increase - 20 Years | Estimated Increase - 20 Years | Estimated Increase - 20 Years | Estimated Increase - 20 Years | Estimated Increase - 20 Years |
| * \$ 100,000      | \$ 2.07                         | \$ 3.10                         | \$ 32.60                        | \$ 48.91                        |                               |                               |                               |                               |                               |
| \$ 150,000        | \$ 3.10                         | \$ 4.65                         | \$ 48.90                        | \$ 73.37                        |                               |                               |                               |                               |                               |
| \$ 200,000        | \$ 4.13                         | \$ 6.20                         | \$ 65.20                        | \$ 97.82                        |                               |                               |                               |                               |                               |
| \$ 250,000        | \$ 5.17                         | \$ 7.75                         | \$ 81.50                        | \$ 122.28                       |                               |                               |                               |                               |                               |
| \$ 300,000        | \$ 6.20                         | \$ 9.30                         | \$ 97.80                        | \$ 146.73                       |                               |                               |                               |                               |                               |
| \$ 350,000        | \$ 7.23                         | \$ 10.85                        | \$ 114.10                       | \$ 171.19                       |                               |                               |                               |                               |                               |
| \$ 400,000        | \$ 8.27                         | \$ 12.40                        | \$ 130.40                       | \$ 195.64                       |                               |                               |                               |                               |                               |
| \$ 450,000        | \$ 9.30                         | \$ 13.95                        | \$ 146.70                       | \$ 220.10                       |                               |                               |                               |                               |                               |
| \$ 500,000        | \$ 10.33                        | \$ 15.50                        | \$ 163.00                       | \$ 244.55                       |                               |                               |                               |                               |                               |
| \$ 550,000        | \$ 11.36                        | \$ 17.05                        | \$ 179.30                       | \$ 269.01                       |                               |                               |                               |                               |                               |
| \$ 600,000        | \$ 12.40                        | \$ 18.60                        | \$ 195.60                       | \$ 293.46                       |                               |                               |                               |                               |                               |
| \$ 650,000        | \$ 13.43                        | \$ 20.15                        | \$ 211.90                       | \$ 317.92                       |                               |                               |                               |                               |                               |
| \$ 700,000        | \$ 14.46                        | \$ 21.70                        | \$ 228.20                       | \$ 342.37                       |                               |                               |                               |                               |                               |
| \$ 750,000        | \$ 15.50                        | \$ 23.25                        | \$ 244.50                       | \$ 366.83                       |                               |                               |                               |                               |                               |
| \$ 800,000        | \$ 16.53                        | \$ 24.80                        | \$ 260.80                       | \$ 391.28                       |                               |                               |                               |                               |                               |
| \$ 850,000        | \$ 17.56                        | \$ 26.34                        | \$ 277.10                       | \$ 415.74                       |                               |                               |                               |                               |                               |
| \$ 900,000        | \$ 18.60                        | \$ 27.89                        | \$ 293.40                       | \$ 440.19                       |                               |                               |                               |                               |                               |
| \$ 950,000        | \$ 19.63                        | \$ 29.44                        | \$ 309.70                       | \$ 464.65                       |                               |                               |                               |                               |                               |
| \$ 1,000,000      | \$ 20.66                        | \$ 30.99                        | \$ 326.00                       | \$ 489.10                       |                               |                               |                               |                               |                               |

\* Owner occupied (A)100,000 home, based on a loan at 4% over 20 years will increase property tax at an estimated rate of (B) \$2.07 for the first year or (D) \$32.60 over 20 years.

\* Non-Owner occupied (A)100,000 home, based on a loan at 4% over 20 years will increase property tax at an estimated rate of (C) \$3.10 for the first year or (E) \$48.91 over 20 years.

**Beaufort County  
Hospitality Tax  
Fiscal Year 2011 - Year-End Projection as of February 28, 2011**

|  |                    |
|--|--------------------|
| <b>Beginning Fund Balance</b>                  | <b>2,515,555</b>   |
| <b>Estimated Revenues</b>                      |                    |
| Projected Local Hospitality Tax Revenues       | 1,118,475          |
| <b>Budgeted Transfers</b>                      |                    |
| Transfers to General Fund*                     | (1,100,000)        |
| <b>Budgeted Personnel</b>                      | <b>(46,886)</b>    |
| <b>Budgeted Purchased Services</b>             | <b>(4,325)</b>     |
| <b>Budgeted Supplies</b>                       | <b>(3,800)</b>     |
| <b>Budgeted Direct Subsidies</b>               | <b>(200,000)</b>   |
| <b>Projected Total Revenues</b>                | <b>1,118,475</b>   |
| <b>Budgeted Total Expenditures</b>             | <b>(1,355,011)</b> |
| <b>Projected Net Revenues (Expenditures)</b>   | <b>(236,536)</b>   |
| <b>Projected Restricted for Heritage Note</b>  | <b>1,000,000</b>   |
| <b>Projected Committed Ending Fund Balance</b> | <b>1,279,019</b>   |
| <b>Projected Total Ending Fund Balance</b>     | <b>2,279,019</b>   |

\* - The general fund provides for law enforcement, in which police protection of tourist facilities is one of the purposes of the hospitality tax. The County Sheriff's Office (within the general fund), has \$21,822,278 in expenditures budgeted for FY 2011.

**Beaufort County**  
**Local Accomodations Tax**  
**FY 2011 - Year-End Projection as of February 28, 2011**

| <b>Description</b>                                     | <b>Operations</b> | <b>County-Wide Advertising</b> | <b>Tourism Infrastructure</b> | <b>River/Beach Access</b> | <b>Reserve Fund</b> | <b>Total</b> |
|--|-------------------|--------------------------------|-------------------------------|---------------------------|---------------------|--------------|
| <b>Beginning Fund Balance</b>                          | 25,860            | -                              | 974,164                       | 209,930                   | 386,155             | 1,596,109    |
| <b>Projected Revenues</b>                              |                   |                                |                               |                           |                     |              |
| <b>Projected Local Accomodations Tax Fund Revenues</b> | 57,983            | 350,000                        | 190,080                       | 63,360                    | 63,360              | 724,783      |
| <b>Budgeted Expenditures</b>                           |                   |                                |                               |                           |                     |              |
| <b>Budgeted Personnel</b>                              | (47,195)          | -                              | -                             | -                         | -                   | (47,195)     |
| <b>Budgeted Purchased Services</b>                     | (4,062)           | -                              | -                             | -                         | -                   | (4,062)      |
| <b>Budgeted Supplies</b>                               | (2,509)           | -                              | -                             | -                         | -                   | (2,509)      |
| <b>Budgeted Subsidies to Others</b>                    |                   |                                |                               |                           |                     |              |
| <b>County-Wide Advertising</b>                         |                   |                                |                               |                           |                     |              |
| Beaufort County Black Chamber of Commerce              | -                 | (50,000)                       | -                             | -                         | -                   | (50,000)     |
| Beaufort Regional Chamber of Commerce                  | -                 | (150,000)                      | -                             | -                         | -                   | (150,000)    |
| Friends of Hunting Island                              | -                 | -                              | -                             | (42,000)                  | -                   | (42,000)     |
| Hilton Head Island-Bluffton Chamber of Commerce        | -                 | (150,000)                      | -                             | -                         | -                   | (150,000)    |
|  | -                 | (350,000)                      | -                             | (42,000)                  | -                   | (392,000)    |
| <b>Projected Total Revenues</b>                        | 57,983            | 350,000                        | 190,080                       | 63,360                    | 63,360              | 724,783      |
| <b>Budgeted Total Expenditures</b>                     | (53,766)          | (350,000)                      | -                             | (42,000)                  | -                   | (445,766)    |
| <b>Projected Net Revenues (Expenditures)</b>           | 4,217             | -                              | 190,080                       | 21,360                    | 63,360              | 279,017      |
| <b>Projected Ending Fund Balance</b>                   | 30,077            | -                              | 1,164,244                     | 231,290                   | 449,515             | 1,875,126    |



**Beaufort County**  
**State Accomodations Tax**  
**Fiscal Year 2011 - Year-End Projection as of February 28, 2011**

|  |                  |
|--|------------------|
| <b>Beginning Fund Balance</b>                      | <b>(25,534)</b>  |
| <b>Projected Revenues</b>                          |                  |
| <b>Projected State Accomodations Tax Revenues*</b> | <b>680,653</b>   |
| <b>Projected Transfers</b>                         |                  |
| <b>Transfers to General Fund</b>                   | <b>(57,783)</b>  |
| <b>Projected Chambers of Commerce Subsidies</b>    | <b>(196,696)</b> |
| <b>Budgeted Direct Subsidies</b>                   | <b>(210,000)</b> |
| <b>Projected Total Revenues</b>                    | <b>680,653</b>   |
| <b>Budgeted Total Expenditures</b>                 | <b>(464,479)</b> |
| <b>Projected Net Revenues (Expenditures)</b>       | <b>216,174</b>   |
| <b>Total Projected Ending Fund Balance</b>         | <b>190,640</b>   |

\* - The Finance Department is researching the large first quarter FY 2011 payment from the State.

**Date:** March 9, 2011

**From:** Steven Baer - Beaufort County Council, District 2

**Subject:** Thoughts on the Heritage Financing

To: Gary Kubic, Weston Newton, County Council:

Based on the Heritage's request to trigger our \$1 Million loan to them from County Hospitality Tax reserves, we will soon begin discussions regarding our possible actions. Recall from our discussion last fall, that while I felt the Heritage was a good thing, I did have some reservations as to its efficiency and whether its beneficiaries paid their fair share, particularly since the Heritage was now asking for taxpayer funds.

According to our Ordinance 2010/16 (regarding the possible loan) passed on 9/13/10: ***A. These funds shall be used for reserving a 2011 Tournament date with the PGA; B. This loan shall not be subordinate to any other loan the Heritage Classic Foundation may enter into to further facilitate the expediting of the Tournament.***

According to the Ordinance - Section E, Beaufort County does have some options.

In trying to analyze this from the viewpoint of a County taxpayer, in preparation for our discussion, I reviewed some of my old spreadsheet data below (based on Exhibit A of the Heritage Foundation's Tax Application received on 7/29/10, and the Clemson Study). At this point I find that it has so many rapidly moving parts, that it makes our Beaufort Commerce Park discussion look simple.

As we gear up for our analysis and discussion, here are some questions we should be asking:

1. Have any of the numbers in the Exhibit A view below changed substantially? Note that in the past I argued that the admissions charges were too low, and other expenses seemed very high for what should be an austerity budget. It would be very useful to see an update using the latest numbers in this format.
2. How much revenue is expected from admissions fees?
3. Has the facility use fee changed - to what? Is the facility contributing a fair share of the costs?
4. Has there been any contribution from the restaurants and hotels that make much of the money - how much?
5. Has the Chamber of Commerce made any contribution - what?
6. Have any efforts been made to close the accommodations tax collectable gap caused by the short term rental rule?
7. The \$4 million of TV time (actually \$3.723 million on Exhibit A) is a complex item. Our Ordinance appears to give Beaufort County the option of converting the unpaid loan balance to TV time, and selling this TV time, provided that it has not been previously sold. Section E of our Ordinance seems in retrospect to be very imprecisely worded. How much do we get of this time, what is it really worth, and how much will it cost (e.g. production costs) for us to make use of it? Furthermore, if the most valuable parts have been previously used or sold off, are Beaufort County taxpayers getting a residue of low value, and should that impact our decision?

8. For the longer term, is there the ability to increase either the Town or County Accommodations Tax to provide funds for the Heritage? The theory here is that HTaxes include food and other items purchased by our residents, while ATax is more closely derived from visitors. I also note that in traveling in the Northeast I am charged over 15% in taxes on hotel rooms.
  
9. If any Heritage Foundation action for use of our \$1 Million loan is aimed at the 2012 Heritage, it would seem to violate the terms of Ordinance 2010/16, which clearly states that the scope is 2011. Advance planning for 2012 is an extremely good idea, but it will require a revised or new Ordinance if it is to involve Beaufort County funds. This would be a good opportunity to tighten the wording of Section E to state that Beaufort County will have first call on the proceeds of all TV time to repay any loans. We should also clearly limit our scope to 1 year at a time.



2011 Exhibit A

|   |                     |
|---|---------------------|
| <b>Revenues</b>                         | <b>\$4,149,963</b>  |
| Admissions                              | \$1,384,602         |
| Pro-Am Fees                             | \$536,725           |
| Non title Sponsor                       | \$1,671,740         |
| Concessions                             | \$321,166           |
| Advertising                             | \$9,500             |
| Inc, Other, Misc                        | \$226,230           |
| <b>New Other Revenue</b>                |                     |
| <b>Total Expenses</b>                   | <b>\$10,586,588</b> |
| Marketing                               | \$265,229           |
| Printing                                | \$103,940           |
| Prizes                                  | \$241,259           |
| Transportation                          | \$226,021           |
| Outside Services                        | \$146,200           |
| Equipment Rental                        | \$689,212           |
| Lodging                                 | \$132,000           |
| Food and Beverage                       | \$442,586           |
| Security                                | \$109,600           |
| Commissary                              | \$130,194           |
| Travel and Entertainment                | \$60,800            |
| Rent                                    | \$110,000           |
| Saleries and Wages                      | \$715,355           |
| Real estate Operating Costs             | \$36,000            |
| Insurance                               | \$124,150           |
| Other                                   | \$465,257           |
| All Expenses without Fac.Fee, Purse, TV | \$3,997,803         |
| Facilities Use Fees                     | \$623,785           |
| Tournamnet Purse**                      | \$2,242,000         |
| TV Underpinning**                       | \$3,723,000         |
| All Expenses Above                      | \$10,586,588        |
| <b>Net Total</b>                        | <b>-\$6,436,625</b> |
| <b>Short Term Guarantee Items**</b>     | <b>\$5,965,000</b>  |

**Supporting Data**

|                            |         |
|----------------------------|---------|
| Badges                     | 27,435  |
| Individuals Attending      | 42,591  |
| Attendance Person Days     | 143,105 |
| Avg. Adm Revenue/Badge     | \$50.47 |
| Avg Adm Revenue/Person Day | \$9.68  |

- The cost data in the upper part of the spreadsheet is based on Exhibit A of the Heritage Classic Foundation \$1,000,000 Tax Application received from Bonnie Hinnant, The Club Group, Ltd., July 29, 2010.
- The supporting data is from the Clemson Study, and calculations based on it.