



**County Council of
Beaufort County
Finance Committee
Meeting**

Chairman
CHRIS HERVOCHON

Vice Chairman
MARK LAWSON

Committee Members
GERALD DAWSON
STU RODMAN
PAUL SOMMERVILLE

County Administrator
ASHLEY M. JACOBS

Clerk to Council
SARAH W. BROCK

Staff Support
SUZANNE GREGORY
ALICIA HOLLAND

Administration Building
Beaufort County Government
Robert Smalls Complex
100 Ribaut Road

Contact
Post Office Drawer 1228
Beaufort, South Carolina 29901-1228
(843) 255-2180
www.beaufortcountysc.gov

Finance Committee Minutes

Monday, June 15, 2020 at 1:30 PM

[This meeting is being held virtually in accordance with Beaufort County Resolution 2020-05]

PRESENT

Chairman Chris Hervochon
Vice Chairman Mark Lawson
Council Member Michael Covert
Council Member Gerald Dawson
Council Member Brian Flewelling
Council Member York Glover
Council Member Joseph F. Passiment
Council Member Alice Howard
Council Member Paul Sommerville
Council Member Stu Rodman
Council Member Lawrence McElynn

CALL TO ORDER

Chairman Hervochon called the meeting to order at 1:30 p.m.

PLEDGE OF ALLEGIANCE

Chairman Hervochon led the Pledge of Allegiance.

FOIA COMPLIANCE

Sarah W. Brock, Clerk to Council, confirmed that public notification of the meeting was published, posted, and distributed in compliance with the South Carolina Freedom of Information Act.

APPROVAL OF AGENDA

Motion: It was moved by Council Member Passiment, seconded by Council Member Dawson, to approve the agenda. The vote: YEAS – Committee Chairman Hervochon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn.
Motion passed 11:0

APPROVAL OF MINUTES

Motion: It was moved by Council Member Passiment, seconded by Council Member Flewelling, to approve the May 14, 2020 Budget Work Session minutes. The vote: YEAS – Committee Chairman Hervochon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member

Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 11:0

ACTION ITEMS

Approval of a lease extension for old courthouse parking lot

Kurt Taylor, County Attorney presented the agenda item stating that the county has leased a privately-owned parking lot adjacent to the old courthouse for use by persons doing business in the building and the current lease expires on June 30, 2020. The owner of the parking lot has agreed to a short-term renewal of the lease that would last until August 30, 2020, in the amount of \$8,333.00. Mr. Taylor stated that an RFP seeking proposals has been issued and responses are requested by July 15, 2020.

Motion: It was moved by Council Member Covert, seconded by Council Member Flewelling, to extend the lease agreement until September 2020 for \$8,333.00. The vote: YEAS – Committee Chairman Hervocho, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Flewelling, Council Member Glover, Council Member Howard. The Vote: NAYS- Council Member Dawson, Council Member Rodman, Council Member McElynn. Motion passed. 7:3. Absent during vote- Committee Vice-Chair Lawson.

Approval of a request to supplement the intergovernmental agreement and enter into a regional joint use shelter policy agreement, regional joint use shelter operation annex agreement, and regional joint use facility use agreement with Jasper County and Jasper County School district regarding the Regional Emergency Shelter.

Jasper County Attorney David Tedder presented agenda item stating that in September of 2018 County Council agreed to enter into an Intergovernmental Agreement with Jasper County and the Jasper County School District for the development of a regional emergency shelter. Since then the parties have been working with numerous governmental agencies and community services organizations to develop protocols and procedures for the funding, maintenance, and operation of the shelter. The IGA will be supplemented to 1) specify the annual operating reimbursement process between the Counties, and 2) acknowledge the approval of the operating protocols, policies, and agreements referenced in Section 6 of the IGA. The agreement states that on an annual basis, Beaufort County will contribute 60% towards the estimated \$25,000.00 annual costs. Any additional costs not funded by grants or reimbursement from federal or state agencies, or imposed as a function of periodic price increases by the contractor or fuel costs, will also be split with the same 60/40 ratio for each County.

Council Member Covert asked Mr. Tedder if this held the E-911 dispatch center and Mr. Tedder stated that this is an evacuation shelter only and doesn't hold any emergency dispatch.

Council Member McElynn questioned the backup material wanting confirmation that Beaufort County does not have shelters. Mr. Edwards with Jasper County Emergency Services stated that 100% of Beaufort County is in an evacuation zone and does not have evacuation shelters. Council Member McElynn asked what was Jasper County's School Districts role in this. Mr. Tedder explained that the facility is provided by the Jasper County School District along with their staff.

Motion: It was moved by Council Member Howard, seconded by Council Member Glover, to approve the request to supplement the intergovernmental agreement and enter into a regional joint use shelter policy agreement, regional joint use shelter operation annex agreement, and regional joint use facility use agreement with Jasper County and Jasper County School District regarding the Regional Emergency Shelter. The vote: YEAS – Committee Chairman Hervocho, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 10:0 Absent during vote- Committee Vice-Chair Lawson

Approval to renew a contract for transportation services provided by Owl, Inc. for the Beaufort County Disabilities and Special Needs Department.

Purchasing Director, Dave Thomas presented request to renew a contract for transportation services Beaufort County Disabilities and Special Needs Department. The total amount requested is \$283,140.00 which reflects daily fixed-route transportation in support of the DSN Department with the understanding that additional locations may be added and listed locations may change depending on program needs. The estimated number of participants is 40 adults with disabilities across four routes in Beaufort County and the vendor utilizes local workers as drivers.

Council Member Covert asked what was the purpose of DSN purchasing vehicles and what purpose does OWL provide. Mr. Bill Love, Executive Director stated the vehicles purchased are their own vehicles which does provide transport consumers within the County, and OWL owns their own vehicles and has 3-4 routes outlined in Beaufort County that provide transportation. Council Member Covert then asked if a cost analysis was done in providing transportation themselves versus OWL and Mr. Love explained that the staff is there to provide service, some transportation is necessary and DSN has previously done their own transportation before but the staff is there to provide service to the consumer and not transport which is the purpose of OWL.

Motion: It was moved by Council Member Dawson, seconded by Council Member McElynn, to approve the request to renew a contract for transportation services provided by Owl, Inc. for the Beaufort County Disabilities and Special Needs Department. The vote: YEAS – Committee Chairman Hervocho, Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 11:0.

Recommendation for FY 2021 Contract Renewals

Purchasing Director, Dave Thomas presented recommendations for FY 2021 Contract Renewals.

- 1) Register of Deeds: New Visions Systems- Official Records Software and Maintenance Support \$52,048.00.
- 2) Clerk of Court Magistrate: South Carolina Judicial Department-Court Management System Support \$60,000.00
- 3) Assessor Auditor& Treasurer: Manatron- Property Assessment and Tax Software and Support for the Assessor, Auditor and Treasurer's Office \$60,000.00
- 4) Finance: Maulding & Jenkins- Provide FY21 Auditing Services as well as CARF Assistance \$65,000.00
- 5) Employee Services: Andrews Technology NOVATIME- NOVATIME Annual Maintenance and Hosting \$65,850.00
- 6) Employee Services: USI Insurance Services- Benefits Consulting Services \$66,950.00
- 7) Finance, Purchasing, Business License, Employee Services, Building Codes, Local Accommodation Tax, Hospitality Tax, Admission Fees: Annual Support and License Agreement for Munis- \$218,099.00.
- 8) Assessor, and Treasurer: Printing and mailing services (property tax bills) - \$300,000.00.

Motion: It was moved by Council Member Passiment, seconded by Council Member Flewelling, to approve the request to renew a contracts 1-6 as presented and forward contracts 7 and 8 to county council for approval. The vote: YEAS – Committee Chairman Hervocho, Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 11:0.

Internal Audit

Chairman Hervocho explained that the internal audit committee's purpose is to direct staff to develop scopes for

specific areas within the County to submit for the internal audit. Previously discussed was suggesting that the Finance Department's function and procurement and Department of Special Needs to be apart of the audit. County Administrator, Ms. Jacobs agreed with these two Departments.

Council Member Covert mentioned appointing individuals from the public to be a part of this process.

Chair Hervochon stated he doesn't think we have the ordinance to support this process. Being that it is an internal audit the public would not have a role to play.

Ms. Jacobs stated that an outside firm would be hired to preform the internal audit and doesn't see how members of the public would interact.

Council Member Glover asked if the scope of work is going to be under the budget of \$75,000.00. Ms. Jacobs stated that a RFQ would be issued to get a qualified firm and negotiate with them regarding what would be covered for \$75,000.00.

Council Member Covert asked who would be overseeing the Internal Audit and was suggested by Ms. Jacobs that Interim Chief Financial Officer Hayes Williams would oversee the process. Council Member Glover suggested that the Finance Committee should oversee the internal audit process. Council Member Passiment clarified that the Finance Department will oversee the day to day process of the internal audit by the outside firm.

Motion: It was moved by Council Member Passiment, seconded by Council Member Flewelling, to move forward with an internal audit as described by the County Administrator, focusing on the Finance Department, DSN and procurement. The vote: YEAS – Committee Chairman Hervochon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. The vote: NAY- Council Member Covert. The motion passed 10:1.

Approval of an Ordinance to modify the Council's compensation to an annual salary eliminating meeting stipends, eliminating the reference to the cost of living increases, allowing for mileage reimbursement, and addressing out of town/overnight travel.

County Attorney, Kurt Taylor explained the Ordinance that is proposed to modify the Council's compensation to an annual salary eliminating meeting stipends, eliminating the reference to the cost of living increases, allowing for mileage reimbursement, and addressing out of town/overnight travel.

Council Member Passiment addresses the misrepresented article in the Island Packet and proposes a change.

Council Member Howard would like to see the wording in line item D regarding mileage, meetings, work sessions, public hearings, etc and it needs more specificity.

Council Member McElynn asked about overnight trips and the itemization and what the recommendation is. Mr. Taylor stated that it is an actual reimbursement, not a per diem.

Chairman Hervochon asked Clerk to Council and the County Administrator how long does it take to process the stipend sheet and Clerk to Council responded that it depends on the amount that is turned in at one time but it is time-consuming to review and process.

Council Member McElynn expressed his concern that due to the opinion of a statement made nineteen years ago by an Attorney General that the council members are not considered county employees when in fact they receive a paycheck and a w2 from the county and contribute to the state retirement fund just like a normal standard county employee

Mr. Taylor stated that a new opinion could be requested with more specific information on elected county officials.

Council Member Flewelling suggested \$17,129.14

Council Member McElynn suggested \$2,250 monthly (times 12) = \$27,000

Council Member Passiment suggested the Chairman's salary to be \$32,500, Vice-Chair salary is \$29,536 and Council Member salary is \$28,548.

Motion: It was moved by Council Member McElynn, seconded by Council Member Sommerville, to approve the salaries as: Chairman \$32,500.00; Vice-Chair \$29,536.00; and Council Member \$28,548.00.

Motion to amend: It was moved by Committee Chair Hervocho, seconded by Council Member McElynn, to amend the Ordinance and remove the mileage reimbursement. The vote: YEAS – Committee Chairman Hervocho. The Votes: NAYS- Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Howard, Council Member McElynn, Council Member Covert and Council Member Glove. The motion failed: 1:10.

Motion to amend: It was moved by Council Member Flewelling, seconded by Council Member Glover to amend the motion so that the base salary for a Council member is 23,012.00, \$24,000.00 for Vice Chair and \$25,000.00 for the Chairman. The vote: YEAS – Committee Chairman Hervocho, Committee Vice-Chair Lawson, Council Member Dawson, Council Member Flewelling, Council Member Glover. The vote: NAY- Council Member Covert, Council Member Howard, Council Member Passiment, Council Member Rodman Council Member Sommerville, Council Member McElynn. The motion failed. 6:5

Main Motion: It was moved by Council Member Passiment, seconded by Council Member Glover, to approve the salaries as: Chairman \$28,990.00; Vice-Chair \$28,002.00 and Council Member \$26,988.00; and Council Member \$28,548.00. The vote: YEAS – Committee Chairman Hervocho, Committee Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Howard, Council Member McElynn. The vote: NAY- Council Member Covert and Council Member Glover. The motion passed 9:2.

DISCUSSION ITEMS

FY 21 Millage Rates

Ms. Jacobs, County Administrator wants to discuss the proposed changes to the School District and the Fire Districts as far as what the millage rate will be for 2021.

Tonya Crosby with the School District started the discussion explaining how the millage rate is calculated which is provided by a Financial Advisor which was submitted to the County Auditor with Services service requirements. County Auditor, Mr. Bekert has estimated the value of the mill at \$2,039,637 and 34.8 mills. The School District Estimates the value of the mill at \$1,938,415 and 36.6 mills. The difference in the value is \$3.7 million. The referendum 2019 information campaign included a 7 mill increase, along with a potential impact on the taxpayer. Beaufort County School Districts' financial advisor recommends a 4.9 mill increase. The deadline for all bonds to be sold to be included in the mill rate is August 14, 2020. It appears the full value of the mill being used with no discount for collections applied. Historical data shows that the full value of the mill does not generate the tax revenue needed to support the bond payments. A 5% discount factor is consistent with prior years. Ms. Crosby indicated that she emailed the auditor requesting that there be a 4.9 mill increase due to the conservative nature of their planning and the financial plans made on their behalf, that the growth factor is removed and to discount the value of the mill and keep it at 36.6 mill level because it is really important the millage is not overvalued and then BCSD is unable to pay their obligation.

Council Member Flewelling stated that the pandemic is going to have some impact on the ability to collect and wanted to point out that the county will always collect this money but it may not be collected when the school district needs it for interest payment in September and principal payment in the spring and wanted to see if there was some middle ground and it would be considered to agree that the school district will eventually get all this

money. Ms. Crosby response to this was that the school district may get it but it may be years from now and based on projections and the primary focus is what is actually in the bank at a certain point in time and what are the revenues that are actually being received to be able to pay bills.

Council Member Rodman suggested that this is a discussion that needs to be heard in about two months when it becomes clearer on what the state is going to be doing and then take a hard look at the school board budget, that there is no action at this point. Ms. Crosby stated that this is actually a different topic and that the setting of the millage will need to occur before a discussion in the fall regarding operations and budget amendments.

Mr. Beckert, Beaufort County Auditor started off by stating that the Department of Revenue gave a presentation on June 27, 2019 regarding the setting of the value of the mill and what the value of the mill constitutes from a debt service standpoint. Guidance and direction provided by the DOR was taken into account when developing the value of the mill. The value of the mill the County used was not in compliance with the DOR and the prior year's value of a mill had inflated values so if the value of the mill was calculated the same exact way the County did it last year which is noncompliant with DOR the value of a mill would increase. Mr. Beckert explained that he was not prepared to talk about the school district specifically and was only prepared to talk to the County Council about the County debt as opposed to the school board debt. Mr. Beckert responded to the Ms. Crosby's request for a discount and stated that the actual discount or the actual value using the methodology that was used for the past 5 years would be listed in place of his and would be \$65,000 higher and a more full and complete explanation as to mills to be levied for the school district will take place at a meeting that is supposed to be set up by Ms. Crosby with the school board.

Council Member Flewelling stated that he gets the impression that the years where there was less collected was because of the overvaluation process that the Auditor discussed where the unappreciated amounts and a growth factor was added into the values and then disputed and not collected in which we do not have now because the values being used are the depreciated values without a growth factor. Mr. Beckert replied that was correct.

In closing Chairman Hervocho suggested that it would be most appropriate for the bond council, the school district, administration, and the auditor to work together to get this resolved sooner than later and get to a good resolution.

Discussion of Hilton Head Island Airport Terminal Project-Progress and Schedule

Mr. Rembold presented an update on the Airport terminal stating that the design is about 50% complete. The FFA has \$20 Million programmed for the Hilton Head Airport terminal project and then the state Aeronautics Commission is participating at \$1.1 Million leaving the Airport responsible for \$1.1 Million totaling \$22.2 Million. The estimated construction cost is approximately \$37.5 Million. Due to Covid-19 Mr. Rembold reached out to the FAA Regional Office and spoke with the manager who suggested that since the funding was programmed into the FAA project to continue to move forward as planned. The expansion of the commercial ramp has been funded at 100% by the FAA and that will save approximately \$250-\$300 thousand dollars. This is a big project and it means more activity in tourism and jobs.

Citizen Comments

Clerk to Council, Sarah Brock stated there weren't any emails received for citizen comments. Chairman Hervocho and Council Member Covert confirmed there weren't any via Facebook Live.

Adjourned at 4:15PM

Ratified: July 13, 2020