



**County Council of
Beaufort County
Community Services
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

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Finance Committee Minutes

Monday, September 21, 2020 at 3:00 PM

[This meeting is being held virtually in accordance with Beaufort County Resolution 2020-05] THIS MEETING WILL BE CLOSED TO THE PUBLIC. CITIZEN COMMENTS AND PUBLIC HEARING COMMENTS WILL BE ACCEPTED IN WRITING VIA EMAIL TO THE CLERK TO COUNCIL AT SBROCK@BCGOV.NET OR PO DRAWER 1228, BEAUFORT SC 29901. CITIZENS MAY ALSO COMMENT DURING THE MEETING DURING FACEBOOK LIVE

CALL TO ORDER

Committee Chairman Hervochoch called the meeting to order at 2:00 PM.

PRESENT

Committee Chairman Hervochoch
Council Member Passiment
Council Member Sommerville
Council Member Covert
Council Member Dawson
Council Member Rodman
Council Member Glover
Council Member Howard
Council Member McElynn
Council Member Lawson

ABSENT

Committee Vice-Chairman Lawson

PLEDGE OF ALLEGIANCE

Committee Chairman Hervochoch led the Pledge of Allegiance.

FOIA

Committee Chairman Hervochoch noted that the Public Notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act.

APPROVAL OF AGENDA

Motion: It was moved by Council Member Flewelling, seconded by Council Member Covert to approve the agenda. The vote: Unanimous without objection. The motion passed. 10:0

APPROVAL OF MINTUES- MAY 28, 2020; JUNE 4, 2020; JULY 13, 2020; AUGUST 17, 2020.

Motion: It was moved by Council Member Sommerville, seconded by Council Member Flewelling to approve the minutes from May 28, 2020; June 4, 2020; July 13, 2020; August 17, 2020. The Vote: Unanimous without objection. The motion passed. 10:0

ACTION ITEMS

Discussion and Action Item to Amend Ordinance 2019 / 56 Penn Center Renovations- Marion Burns, Penn Center

Discussion: Marion Burns with Penn Center stated that the Penn Center is not satisfied with Oceana Design's work and requests an amendment to Ordinance 2019/56 that removes Oceana Design and allows for an RFQ from other architectural firms to be issued in order to complete the necessary renovations at Penn Center.

Ordinance 2019/56 was passed to allocate funds for Phase 1 of the Penn Center Renovations totaling \$822,000.00. The Ordinance specifies Oceana Design as the architect and assigns responsibility to the firm for reviewing and approving invoices. Staff recommends amending the Ordinance to have the Beaufort County Purchasing Department issue an RFQ and award the contract with input and assistance from the Penn Center.

Motion: It was moved by Council Member Flewelling, seconded by Council Member Glover to approve to amend Ordinance 2019/56 Penn Center renovations and forward to Council. The Votes: Unanimous without objection. The motion passed. 10:0

Accommodations Tax/ Hospitality Tax Reserve Fund Ordinance. - Raymond Williams, Interim Chief Financial Officer

Discussion: Mr. Williams explained that Beaufort County wishes to have a method to access A-Tax and H-Tax funds in case of a disaster, pandemic or other occurrences on a case by case basis. This ordinance would allow County Council to approve a resolution to allocate tax and/or tax reserves/ funds for purposes that are permitted under their related statute.

Council Member Rodman stated that the County has reserves as a portion of these funds typically and questioned if these funds were to use elsewhere and if creating new uses is going beyond the intent.

Mr. Hayes responded that there is a statute that limits the spending.

Mr. Rodman asked if instead of going through three readings we those readings be bypassed?

Mr. Taylor, County Attorney stated that this ordinance will allow Council to disperse funds during these circumstances without the application process.

Committee Chairman Hervochon mentioned that paragraph 1 (c) is opening up a broad case for use of these funds.

Mr. Taylor responded that paragraph complements (a) and (b) with the majority of approval by council in an emergency fashion.

Committee Chairman Hervochon stated that he thinks it opens it up to spend on too many uses and could possibly an unintended use.

Motion: It was moved by Council Member Flewelling, seconded by Council Member Passiment to approve the Accommodations Tax/ Hospitality Tax Reserve Fund Ordinance and forward to Council. The Vote: Yea: Committee Chairman Hervochon, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Glover, Council Member Howard, Council Member McElynn. Nay: Council Member Rodman. The motion passed 9:1.

Professional Services Agreement with Greater Beaufort Port Royal Convention and Visitor's Bureau.

Discussion: Kurt Taylor, County Attorney, explained that Rob Wells, President and CEO of the Greater Beaufort-Port Royal Convention and Visitors Bureau, wishes to enter into a Designated Management Organization (DMO) agreement with the county for the purpose of promoting tourism.

The Greater Beaufort-Port Royal Convention and Visitors Bureau would be designated by county ordinance as a DMO and receive funding each year.

Section 66-29 of the Beaufort County Code and Ordinances provide for funding as follows: To be in compliance with S.C. Code of Law, Title 6 Chapter 4, the state (2%) accommodations tax shall be allocated in the following manner: 1. Be in compliance with the Ordinance No. 89-9; however, first \$25,000.00 of revenues received from the accommodations tax will, by law, be placed in the county's general fund with no restrictions on the expenditures. 2. Five percent of the balance must be allocated to the general fund with no restrictions on expenditures. 3. Thirty percent of the remaining balance is split in half going to the Greater Beaufort-Port Royal Convention and Visitors Bureau and half going to Hilton Head-Bluffton Chamber of Commerce as the council hereby designates the Greater Beaufort-Port Royal Convention and Visitors Bureau and Hilton Head-Bluffton Chamber of Commerce as designated marketing organizations (DMOs).

Council Member Flewelling stated that council just finished approving an ordinance to allow extra funding and wants to make sure that the extra funding is potentially audited in the future. If any changes are necessary to recommend them before sending this to council.

Mr. Taylor stated that whatever funds go to them will be part of the audit requirement.

Council Member Covert asked if this went out for a RFP.

Mr. Taylor responded that it did not.

Council Member Covert recommends that this go back out for a bid for complete transparency.

Mr. Hayes stated that this is set up by statute and he doesn't think it can be set up for an RFP.

Council Member Howard requests a legal opinion on who sets that statute and when was the last time it was set.

Mr. Taylor stated that he will do some research.

Motion: It was moved by Council Member Covert, seconded by Council Member Flewelling to postpone this Item and send back to administration for RFP. The Vote: Yea: Committee Chairman Hervochon, 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. The motion passed.
10:0

Distance Learning Grant

Discussion: Chuck Atkinson, Assistant County Administrator explained that it has been established that there are issues related to distance learning. Beaufort County would like to earmark \$200,000 from its general fund balance to award grants to applicants to assist with the problems related to distance learning. The County has contacted Coastal Community Foundation to help develop a fund agreement. The County will need to provide specific criteria for who will be eligible for grant funding and how the funds may be used. Once the agreement is in place and the funds are made available CCG will advertise the program, manage the applications, and disburse the funds. It is subject to a 3% processing fee if they chose to do so and once the funds are gone the grant ends.

Council Member McElynn asked how does this proposal works with his recommendation of moving the 2 applicants from the community services grant and having them moved to qualify for funds from the reserve fund instead of because they are engaged in distance learning and that is what the funds are for.

Mr. Atkinson stated that the idea of moving this forward is to provide structure and give those applying an organized way to process these grants. It allows us to vet and track the funds afterward. One of the 2 groups you are talking about was asking for funds other than distance learning so one got funding and the other didn't. The other group didn't because they are already receiving funds from Beaufort County.

Council Member McElynn asked if by receiving funding from other organizations excludes them from getting grants.

Mr. Atkinson replied no, it was because they were already receiving funds from Beaufort County.

Council Member McElynn would like to know if the applicants aren't getting the sufficient funding from the community grant do they have to apply separately for the distance learning grant.

Mr. Atkinson stated that these grants are to be considered as two separate sources of funding so they could apply for the other for funding.

Council Member McElynn questioned how much money is being considering and where was the money coming from.

Mr. Atkinson sated that they went with the amount suggested, up to \$200K but it could be any amount and the source of funding would be the reserve funds.

Motion: It was moved by Council Member McElynn, seconded by Council Member Covert to approve the distance learning grant and forward to council. The Votes: Yea- 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. The motion passed. 10:0.

DISCUSSION ITEMS

Status of Internal Auditor- Raymond Williams, Interim Chief Financial Officer.

Discussion: Mr. Williams stated that this is a follow up on the RFP for the Internal Audit of Beaufort County. There were two responses to RFP 082720 for Baker Tilly (fee not to exceed \$190,000.00) and Elliot Davis (provided hourly fees) but will not negotiate a fee until the final scope of the work is agreed upon. The source of funding is from professional services \$75,000.00. Staff recommends to narrow down the internal audit scope to cover the items that are needed from the Council and Finance Committee.

For informational purposes only.

CAFR Timeline Discussion- Raymond Williams, Interim Chief Financial Officer.

Discussion: Mr. Williams explained that There was a discussion with the audit partner for the engagement. Tentatively Mauldin and Jenkins should begin their field work in mid-November. Mauldin and Jenkins project that they best case scenario would be that they could draft an audit report by December 31. There are factors that could cause delays such as staff changes, and unknown COVID 19 issues. Source of funding is professional service \$65,000.00

Budget Book Status Discussion- Ashley Jacobs, County Administrator.

Discussion: Ms. Jacobs stated that in 2020 Beaufort County prepared its first line-item budget. County employees are currently drafting the budget book and it is around 70% complete. Since the approval of the line-item budget, County staff has been in the process of drafting the budget book. During the drafting, there have been continuity issues and staffing issues. Staff is making Council aware of where the process is and the anticipated completion date is October 9, 2020.

Council Member Passiment stated that he would be looking for just replacement pages of changes and asked if administration be drafting a completely new budget book.

Council Member Rodman mentioned that a physical book is not needed, just a computer file that it would be easier to use and easier for staff to prepare.

Council Member Flewelling stated that years ago a form was experimented with and it was never quite narrowed down. Administration would give council a monthly report and maybe that discussion could be resurrected and get a monthly report, just a potential list of problem areas.

Committee Chairman Hervochon stated that monthly reporting is number one on his priority list and would like to see a trend, months by columns.

Council Member Rodman suggested instead of giving council all the data over and over again, maybe a variance of the budget that can be approved can be given.

Committee Chairman Hervochon stated that personally he didn't want a physical book that a PDF file or excel would be better. There is a ton of value in the book for the public to see charts and graphs and it would be easier to understand. Asked if the budget was published online for the public to see.

Ms. Jacobs stated that there is a help desk ticket in for that to take place.

Mr. Hayes stated that the budget was posted online.

Council Member Passiment stated that ideally there needs to be an electronic version of the budget. The adopted budget, transfer, updated budget, paid out, balance, line items.

Committee Chairman Hervochon asked if this book was going to be something that needs to be created each year or something that can just be adjusted.

Ms. Jacobs stated it will be something that could be adjusted each year.

Review and discussion of DMO's and Chambers Submission. Council Member Covert.

Discussion: The County Council and Finance Committee have requested a detailed accounting from the DMO's and Chambers for the expenditures related to their accommodations tax funding. Submissions were made and sent to Council for review.

Council Member Covert stated that the Chambers of Commerce were asked to provide receipts and only Beaufort Chamber of Commerce submitted invoices and receipts.

Ms. Jacobs, stated that they have not received responses from any of the three regarding Council Member Covert's questions which were forwarded. In regards to Beaufort CVB, what they have submitted, they have gone above and beyond and we would be satisfied with what they have submitted to us.

Council Member Covert mentioned that Beaufort Chambers information was palatable and they were amicable with having council looking at whatever they needed. The Bluffton-Hilton Head Chamber and the Black Chamber haven't been cooperating and have not responded with that request.

Council Member Rodman stated that he reviewed the information from the Beaufort Chamber but doesn't remember Council actually approving what we asked for but this comes back to the Ordinance which needs to be revisited so it can be applicable. There could be a requirement we could impose on those organizations when they do their audit which may be more expedient to both organizations and oppose those ordinances and make it part of their annual audit.

Committee Chairman Hervochon stated that he agreed with Council Member Rodman and should probably do a next-level analysis and there should be something in place in the ordinance.

Council Member Passiment stated that the wealth of information that the DMO gave council is unbelievable. Council needs to know what the DMO was set up to do and take the receipts or have them take the receipts and tell council the vendors and the dollars used and what they got out of it. A new way to get those reports is needed.

Council Member Flewelling explained that the Beaufort Chamber has always been transparent and willing to provide council with anything but wonders how much of that is proprietary and if some of that can be circumvented because it may cause issues with the price they are receiving for fear that it would generate price increases. Council should listen to the professionals if they request that it not be public.

Council Member Covert stated that he understood what Council Member Flewelling was saying and Mr. Well's submission goes way beyond what he was looking for and doesn't want to say any public money is proprietary because that would be a slippery slope.

Council Member Howard mentioned that the City of Beaufort has a spreadsheet that they use by category and it is backed up with receipts to compare the date and the receipts. It would be easy to do, just need to give them a shell to fill in and let them know how council wants it done.

Council Member Flewelling responded to Mr. Coverts comment, for clarity, is not saying that the taxpayer's dollars are proprietary but the reasons they spend those dollars should be.

Council Member Rodman stated he thinks the issue with Bluffton-Hilton Head, which has reached the supreme court, is that they have spent money with a certain firm which may be proprietary, they don't have a problem with sharing that with the council but it may hurt them from a competitive standpoint if made public when they go out for bids and in the long run hurts the county. We need to make sure the public sees what they want to see but just like in executive sessions some things are made to proprietary and should definitely be privy to council.

Council Member Passiment stated that some of the stuff from Beaufort was proprietary but Council needs to put it in a better format and see if it would be beneficial to everyone and see if Bluffton-Hilton Head Chamber would be willing to do the same kind of thing.

Council Member Hervochon agrees with Council Member Passiment. There are two things here, need to figure out how to summarize information like what Mr. Wells provided in a way that is easily digestible for us and the public. The other issue is how does Council provide assurance to the public that Bluffton-Hilton Head Chamber is spending funds in the right way and that it has been verified. The question is do we put that in an ordinance, do we send someone from council to inspect, or have someone from administration to inspect and if someone does how do we make that public knowledge.

Council Member Passiment suggested to take the data that is before us, use it as a baseline and categorize it. The ordinance talks about what a DMO is supposed to do for tourism in this area. It can be deciphered that way and once we have that we can go to other chambers and ask them to do the same thing. If they cannot or will not, we may have to create an ordinance with specificity to outline if they are going to be receiving money this what we are going to do analyze the money given.

Rob Wells, Beaufort Chamber of Commerce, stated that they have the capability of putting their receipts in a consolidated format and are willing to work with Council and get that to them.

Committee Chairman Hervochon asked if it will be possible to receive that in three weeks or so?

Rob Wells- replied Yes, three weeks is plenty and they submitted a memo that went with the expenditures but can diversify that.

Committee Chairman Hervochon would like to add this as an action item at the next council meeting.

2020 GO Bond Projects

Discussion: The original bond was to be issued in 2019, but administration waited until August 2020 so that they could combine this issuance with the issuance for the Rural and Critical lands bond, which was a cost savings. Some of the original projects have changed scope or have been eliminated, so therefore redefining the project list for this issuance. There was over a year between the initial approval and the issuance of the 2020 GO Bond for \$11,775,000.00. Additional costs at the Arthur Horne Building and the Detention Center resulted in a need for reallocation of funds. New projects were also added such as Solid Waste material recovery facility and HVAC repair for the Federal Courthouse.

Ms. Jacobs stated it was previously approved for the issuance of a GO bond and recently that bond was for \$11-Million-dollar bond was sold & back in April. There was discussion of the different types of projects that would be funded and some have had changes.

2020 GO Bond

Original Items to be funded:

Bond Revenue: \$11,775,000.00

Outlays:

Bond Issuance Cost: Original \$100,000.00 Amended \$50,000.00

Technology Equipment: Original \$3,000,000.00 Amended \$2,700,000.00

IT Arthur Horne: Original \$0 Amended \$300,000.00

Courthouse: Original \$0 Amended \$300,000.00

Material Recovery Facility MuRF: Original \$0 Amended \$1,900,000.00

Public Facilities Relocation Renovation: Original \$3,500,000.00 Amended \$0

Detention Center: Original \$1,000,000.00 Amended \$1,575,000.00

Arthur Horne: Original \$3,500,000.00 Amended \$4,775,000.00

TCL-CAI Payments: Original \$500,000.00 Amended \$0

Contingency: Original \$175,000.00 Amended: \$175,000.00

Council Member Rodman wanted to know more about TCL- Culinary Arts Institute, and was it paid from a different fund?

Ms. Jacobs stated that it was paid out of the Buckwalter Multi-County Industrial Park.

Council Member Rodman mentioned that some of them has some sizable increases, will these be coming forward to Council to be approved since it will be an amendment to existing contracts.

Jared Fralix, Assistant County Administrator stated that for the Arthur Horne project there wasn't a change order for the contractor for their scope of work, just the relocation of equipment and demolishing. The demolishing will be brought through PF at a later date. MurF, that is still under development but that will come forward as well.

Council Member Rodman stated that Council has talked about a bond anticipation note and that is something that needs to revisit since the GO bond is detailed to where we spending the money.

COVID-19 RESPONSE GRANT FOR ELECTION OFFICIALS- Marie Smalls, Director Board of Voters of Registration and Elections of Beaufort County

Discussion: Marie Smalls stated that The grant funds we are seeking is from the center for tech and civic life organization which is a public supported 501-C3 non-profit organization and they are offering this grant to local election offices over the country and we thought this would give Beaufort the opportunity to participate and receive additional funds to assist with our COVID efforts to keep our polling location and our poll works safe during elections. We are asking that Beaufort County be the governing body to accept those funds on behalf of The Board of Voters Registration and Elections.

Committee Chairman Hervochon asked what is the amount of the grant?

Ms. Smalls stated that they are proposing to use the funds for cleaning, because sometimes they are required to pay for the facility to be clean after leaving, to fund the satellite office in Hilton Head and also give additional pay to poll workers as hazardous pay.

Link for grant information: <https://www.techandcivicliflife.org/our-work/election-officials/grants>

BOARDS AND COMMISSIONS

Consideration of the appointment of Ian Scott for the Airports Board.

Motion: It was moved by Council Member Passiment, seconded by Council Member Howard to approved the appointment of Ian Scott for the Airports Board. The Vote: Unanimous without objection. The motion passed. 10:0

CITIZEN COMMENTS

There are no citizen comments per Clerk to Council, Sarah Brock.

There are no citizen comments on Facebook Live per Council Member Covert.

ADJOURNMENT

The meeting adjourned at 3:25 pm.

Ratified by Committee: October 19, 2020