

State of the City  
Scott F. Dadson, City Manager  
City of Beaufort, SC

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A year ago, the City of Beaufort was in the throws of an organizational overhaul as we tried to anticipate, adapt, and overcome the effects of the credit crisis and the rising (and subsequent fall of ) the cost of fuel. Further, the City and the Country were in the midst of political change. All of this however, was simply the affect of many fundamental schisms that had been developing for years. Leverage, growth, globalization; taken by themselves they can be understood, but, together have created an elixir that has resulted in the a long and sustained downturn in the local, national, and inter-national business cycle that has affected not only how we currently do business but how we will have to do business into the future.

To re-cap our year, we must go back to the end of the first quarter of 2008 where the City began a series of actions to mitigate what was seen as serious and pending interruption in future cash flows. Hiring freezes, which eventually lead to an overall decrease in the cost of and the number of city workers was initiated. Capital was eliminated in the short run, and reprioritized in one, five, and ten year capital improvement plans. Financial discipline was heightened by centralizing all accounts payable, accounts receivable, payroll decisions as well as central control of all financial decisions rested with the City Managers department. Cash flow was accounted for daily (a trend which still exists today) and all unnecessary spending was encumbered or eliminated. These actions and the subsequent buyout of employees resulted in a decrease in outlays of cash of over \$1.2 million dollars. The City received approximately \$1 million less in taxable receipts, specifically from Business Liscence, Building Permit, and auto-related taxes.

City Council, in their retreat of a year ago, then prioritized the services of the City and staff prepared budgets and plans based upon these directives. And what a difference a year makes. The 2010 Operation Plan for the City (the budget) is an overall 12% reduction in costs, a 12% reduction in Y-O-Y employee costs, and a focus on front line service delivery. City staff has begun the process of focusing on the deployment of resources in a way in which to protect front line services and to serve customers in the most efficient way possible. The City has outsourced Sanitation services, Building Inspections, Building Maintenance, Technology services, right-of-way maintenance, and some mechanical services in an effort to direct our existing resources to serving customers and protecting the assets of the City.

While this is a brief re-cap of the past year, it sets the stage for our efforts as we move forward. Internally, we are focusing on developing the City's management team in best management practices that help to deploy resources in the most efficient manner possible, create workable operational plans, and to further the integration of public services so that the citizens, customers, investors, and stakeholders in this community receive the best services they can.

An outwardly visible and very affective result of this can be seen in the staff driven Neighborhood Improvement Teams. This multi-departmental approach was created by staff and has been driven by staff with the help of and cooperation of various Homeowner and citizen groups in the City. The Northwest Quadrant, West End, Pigeon Point, Old Commons, and the Point groups have participated in and been part of the efforts to identify needs, identify resources, and to implement an integrated approach to public service delivery that has netted results of improved right of ways, elimination of fire hazards, eliminating of health hazards, improved relations with city departments and citizens, and identification of capital and on-going services to improve the City.

The Planning Commissions and Redevelopment Commissions (Citizen Boards of the City Council) have also been busy doing their part. The Redevelopment Commission has overseen the building of the municipal complex, the prioritization of and the actualization of the Boundary Street Redevelopment District which includes \$55 million dollars of public improvements, the negotiations to bring the adaptive re-use of the Arsenal in downtown as the Visitors Center with the Chamber of Commerce, the second phase of Bladen Street Improvements, and the creation of Park Beaufort, which is a integrated approach to downtown parking and marketing with their partners Main Street Beaufort.

The Planning Commission has overseen the development of and the adoption of the 2010 Comprehensive Plan for the City known as Vision Beaufort. An integrated and holistic approach to City Planning and Services, this document serves as not only blueprint for the city but a do-able approach to achieving sustainability for the City. Vision Beaufort is also the result of an integrated and regional approach as has been calibrated with the Northern Area Plan (a multijurisdictional approach to planning) and Port Royals Comprehensive Plan. The outward affect of this effort is the proposal on the table to create a metro-planning commission (an extension of the current Port Royal-Beaufort model) to include the county within the growth boundary and a metro service delivery platform (planning related to capital and operational costs of servicing development). The City Council retreat of 2010 will use the Vision Beaufort to prioritize its resources over the next two years. This is truly progress.

This brings us to this retreat. As you can see by the agenda prepared for you, this year is about taking stock of and advantage of the hard work from this past year and doing the following:

1. Prioritizing
2. Reviewing and allocating resources to this end; and,
3. creating “charters,” or new sets of rules, for the completion of the desires of council

All of this, within the context of a *vision*, as found in our Comprehensive Plan; *growth*, within the context of a sustainable framework; of *building community*, by engaging at the neighborhood level; and, within *resource constraints* that are better understood, with the continual eye on our financials and auditing of service delivery models.

As we move forward with our retreat, we will review the financial condition of the city. First and foremost, we need to scan and review the environment in which our organization exists. The next part of today deals with this environment and what signals there are in it. What can we glean from this as we prioritize, allocate resources to, and engage our partners in community building?

### Optimism Interrupted: The Environment we exist in.

Beaufort does not exist in a vacuum. It is part of its environment; it is affected by issues, both locally and nationally. Our local economy is home to the military and other government service providers, construction, tourism and retail and hospitality services. We are home to people who are both from here and have come here by choice, to live, work, and play. While the government employees a large share of households in Northern Beaufort County, the construction industry is the leading private industry in terms of employees, capital flows, and wealth creation as see in the taxable receipts for the City.<sup>1</sup> Tourism, as seen through the Accommodations and Hospitality receipts<sup>2</sup> accounts for another large share. These two industries are affected by the current business cycle and the outside threats of credit, fuel, and the ecology. While we will go into the affects and predicted continuation of these mattes latter in this presentation, we need to acknowledge them as both threats and opportunities in our environment.

The Competitive Forces Shaping the Environment around the City of Beaufort was discussed by me and local business leaders in an effort to shape today's discussion.

It was established that if those that receive City services are customers and taxpayers are investors, then what a City is:

1. is marketable;
2. is subject to the business cycle; and,
3. Is a product; and must be profitable.

Further, if customers and investors have choices, what are we doing to make Beaufort a community of Choice? The focus group helped to shape what we see as Opportunities and Threats in the environment. The group focused on the areas of Housing; Development and Entrepreneurship; Revenue Sources; Growth; and, Tourism (see appendix A for the full list). The thread that ties these Opportunities and threats for Beaufort City can be seen in three parts. First is the need for an enhanced, sellable product in the areas of; Art, History, Architecture, Entertainment, and Environmental quality.

Secondly, the group noted that there needed to be an enhanced and focused marketing plan specifically targeted more tightly to destination tourist. Finally, the group felt strongly that the need to tie the product they (they being the City and the marketing

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<sup>1</sup> Business Liscence for 2008 as collected by City in 2009

<sup>2</sup> Business Liscence for 2008 as collected by City in 2009

organizations of an NGO level to businesses) sell with the product they buy with a need to tie the Product with the Marketing Plan to the Fixed Assets to the improved Public Good to the Infill and Redevelopment Opportunities. In other words, if the customer is lured by the Cadillac then a Cadillac needs to be part of the in-city offering of product to sell.

Optimism Defined. The Internal workings of the City defined.

While there was view of the outside forces and their affect on the organization, this past year has given management an opportunity to identify strengths and weaknesses internally and specifically their affect on the outcomes. This gives us another view of the efforts that gaining a better understanding and actions that have put into control our service delivery and cost structures. In defining what basic Customer needs the City is serving, through this process, we can better understand our ability to turn threats into opportunities and by understanding our market boundaries.

Central to our organization is a clear focus on our Core Services, such as public safety, public services, and neighborhood level service delivery. We continue to focus our staff on Developing Managers, Developing Performance Metrics, and Continual Improvement cycles so we can deliver our services more efficiently and are more customers focused.

Secondly, management believe that by Enhancing and Creating Shared Services, we can find ways to reduce redundancy, fill in the service gaps and create a more sustainable service delivery model. This effort starts with a strong relationship with Port Royal. This effort can be seen in our current planning process. But, in order to move forward, we need to further cultivate our existing partnership with Port Royal. It is further incumbent upon us to develop Joint Service Charter between County, City, and Town in a Metro Service Platform. What is a “Metro Service Delivery Platform?” It is the inter-municipal cooperation or functional consolidation of public services whose outcomes are meant to facilitate economic development, service provision or democratic voice in a region with an ultimate goal of eliminating political fragmentation. The objective of a “Metro Service Delivery Platform” is to focus on the efficiency of service delivery to the end user. These end users are customers, investors (taxpayers), and citizens.

To further enhance this effort, the first BMP (best management practice) needs to include our partners in the county. Staff and planning commissions are pushing for two outcomes that would enhance that effort; that of a Metro Planning Commission and Form Based Code with Beaufort County. This would calibrate our land use efforts with the environment that we live in and want to preserve with the human habitat that we want to live in, that is sustainable, and is most cost effective.

The staff also sees the need for Continual Financial Performance. This includes MAPS Audits, Contract and Service Audits, and continued Transparency and Reporting of financial data to citizens, stakeholders and investors. Further, focusing our efforts on redevelopment and infill will require that we develop a deeper understanding of what

TIF's (Tax Incremental Financing Districts) can do and what role our partners at the School Board and County can and should expect from same.

I look forward to the continued discussion by Council as we work to achieve much in the coming year. It is my privilege to serve you and to serve with such excellent City staff, appointed officials, partners, and citizens in this community. Thank you for this opportunity.

## Appendix A:

### Housing

#### Opportunities:

- Infill
- Available Land in City
- Signs of Stabilizing Housing Market
- Relative Affordability
- Sustainable Core Infrastructure

#### Threats:

- School Zone Redistricting
- Rising Unemployment
- Current Zoning as an Inhibitor
- Credit
- Intra-county competition

### Development/Entrepreneurship

#### Opportunities

- Property availability for incubation
- Sale of Port
- Boundary Street Redevelopment
- Capacity in industrial park
- Partnerships with TCL and USCB

#### Threats

- Low education attainment
- Split college campus

### Revenue Sources

#### Opportunities

- Reshaping service delivery models
- Federal Money
- TIF
- MIDS
- Sale of Port
- City's control and understanding of its cost structure

#### Threats

- Special Service Districts
- Sembler
- Rising Unemployment
- Business is Down
- County Tax Collection
- State's) Lack of Financial Good Health

- Limited Revenue Sources

Growth

Opportunities

- Potential to take Market Share from other “like” destinations
- Health Care
- Good Comp Plan, calibrated with county, with emphasis on redevelopment of assets
- Metro Planning Commission
- Shared Services focus

Threats

- Competing elevated service districts
- Lack clear understanding of public service delivery between jurisdictions
- Overlapping service redundancy
- Focus on moving relocating residents to outside communities
- Non a global market center
- Fringe area

Tourism

Opportunities

- Natural Resources
- M, T, W Hotel Capacity
- Private Art Market
- Proposed University Art focus
- History
- Architecture

Threats

- Poor land use threatens Natural Resources
- Intra-county competition amongst marketing groups
- Disorganized NGO/Art Org’s
- Focus on day-trip tourism
- Architecture limited to certain neighborhoods only
- Tertiary city
- Fringe area