

A work session of the Beaufort City Council was held on March 22, 2011 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Council members Donnie Ann Beer, Mike Sutton, Mike McFee, Gary Fordham, Mayor Keyserling, City Manager Scott Dadson and Assistant City Manager / CFO Shirley Hughes.

In accordance with the South Carolina Code of Laws, 1976, Section 30-4-80(d) as amended, all local media were duly notified of the time, date, place, and agenda of this meeting.

Mayor Keyserling called the meeting to order at 5:01 p.m.

DISCUSSION WITH REDEVELOPMENT COMMISSION AND METRO PLANNING COMMISSION CHAIRS

Joe DeVito, chairman of the Joint Municipal Planning Commission (JMPC), said he'd like to include the Beaufort representative on the JMPC in these work sessions with council. He said of the three meetings of the JMPC, there has now been a presentation by each represented area: Town of Port Royal, City of Beaufort, and the county. The JMPC is struggling with the short-term rental issue. He felt there was a wall between the JMPC and city council. They were looking at the broader picture of how quickly or slowly to move. On those bigger issues, these meetings with city council will help to provide direction to the JMPC. The 30-day rule in state law is also a problem for them; they don't know whether to pass it on or to recommend that city council bring it back to the JMPC.

Transfer of Development Rights (TDR) came before the Planning Commission the previous night, Mr. DeVito said, and there was a lot of discussion about it. The JMPC recommended it to county council and recommended that city council endorse the pilot program as well. Mr. DeVito said that the city may ultimately need to have Receiving Areas within the city.

Mr. DeVito said the Town of Port Royal is looking at putting an overlay district on every commercial development in the town that is not currently in an overlay district. There were concerns about cost and bureaucracy.

Mayor Keyserling said that at the last work session, city council discussed stormwater. The municipalities believe best management practice begins with land use and goes from there. There's a one-size fits all policy statement, but that makes larger lots and sprawl a possibility and is not good for land owners. Mr. DeVito said stormwater has been before the JMPC before. When it needs to be brought up, if the standard changes, it will be brought before the JMPC again. Mr. Dadson said Opticos anticipates having the framework to present in late spring or early summer as land use is the first best management practice. The costs of managing need to be part of the planning process, Mayor Keyserling said. He's also glad the JMPC group is coming together. Mr. DeVito said he's liked what he's felt so far.

Councilman Sutton said there is little discussion of when negative issues come up. When the JMPC is presented something for review, there may be long debates, and he wondered if

projects have come before the JMPC that shouldn't have been before it to begin with. On short-term rentals, the UDO needed to be changed, Mr. DeVito said, which is why it came to them, though it is a policy question, not a planning question, and the JMPC was uncomfortable with policy-making. It made sense to look at the policy when that issue came out, but opening it to public comment meant that they had to hear about who was operating illegally, etc. Councilman Sutton said he wasn't comfortable with the JMPC discussing the short-term rental issue in their commission, and he told Mr. DeVito that they "should feel free to punt it back to city council if need be."

Mr. DeVito said the gas pump issue brought about a really good change to the UDO. That wasn't a policy issue. He said they would send back matters to city council that involve policy-making in the future.

Mayor Keyserling told Mr. DeVito that the JMPC should attend the charettes, and Mr. DeVito said they're all committed to it and looking forward to it.

Mike McNally presented city council with a handout as to what the Redevelopment Commission is doing. He said the retreat was very valuable. He named new Redevelopment Commission members and explained the various committees and who is on them.

The Residential Committee of the Redevelopment Commission set goals and priorities, he said, and many of the goals were in the same areas of concern. Everyone wants to get a project or a major portion of one completed in a year. They want to complete the feasibility assessment on the Duke Street property which is their pilot project. He said the work the Office of Civic Investment is doing is helping the city, and the Redevelopment Commission's work is great. They are continuing to look at funding sources and have been to meetings toward that end. They are working on suggested incentives such as pre-approved designs, permit streamlining, etc. Work is taking place on developing standards for city-owned properties. They want to prioritize projects and review ordinances and recommend a plan to remove dilapidated structures.

Projects in the pipeline are 1407 Duke Street, which is a historically significant structure, but the building is of no value. There is a possibility they will package it with a city lot to make it more appealing to a builder. If a builder were to do the renovation of the house, Mayor Keyserling clarified, they would swap a city property for a lot on which the builder would build a workforce house. **Wendy Zara** said there might not be any Redevelopment Commission funding at all in this case. Mr. McNally said they are attempting to limit risk, which everyone wants. In the Northwest Quadrant, some form of partnership will be put together so all have some risk but no one has it all. The Redevelopment Commission has no desire to be a developer; they want to facilitate deals in RFPs with builders. At this point, they want to find a lot that is fallow that will be put back on the tax rolls. Mr. McNally said they have 6 projects where they are talking to landowners; Ms. Zara said some people have approached the Redevelopment Commission about infill.

On the Commercial and Economic Development Committee, Mr. McNally said there is a possibility of taking over the Von Harten building and a vacant lot across the street. There are discussions with Gary Kubic pending on the county buildings in the Northwest Quadrant. The old City Hall building RFP didn't yield anything, so they are developing a new approach to marketing the property.

The Office of Civic Investment and the committee are investigating what incentives have worked elsewhere, so they can compile those and present them to the mayor and council.

Mr. McNally said the LCOG HOME funds application has been submitted and recommended by staff for approval, pending a 4-28-11 board vote. He reviewed the candidate structures.

Mr. McNally discussed the Bladen Street CDBG – Duke Street to Bay Street appraisals and revisions to the construction plan. There is a \$500,000 SCDOT plan for a portion from North Street and Bay Street intersection to be an entranceway into the Bladen Street Redevelopment project. He said SCDOT assured them that this effort will be well behind the city's and the Redevelopment Commission's efforts.

Jon Verity said he'll be requesting the quarterly report from the Office of Civic Investment that will be submitted to the city manager's office per the Lawrence Group's contract.

Ms. Zara, chair of the Finance committee of the Redevelopment Commission, said they have worked on several different aspects of finance. They have a budget which has been significantly reduced. Many things have been assigned to them out of the revenue stream that can't be covered now because of the reduction in parking revenue, and they're "trying to get that figured out." They looked at the CIP, and there is an item for redevelopment, though it's not an allocation.

They can't do projects without financing so they're looking at other not-for-profits and organizations. They have determined that the Lowcountry Housing Trust (LCHT) is eager to participate with the Redevelopment Commission. She briefly explained what the LCHT has done and can do. She said they are well-respected by the state, which has problems with projects that were funded when times were good but not completed. The funding is limited now and they won't deal with "one-man shows" anymore, she said.

She described some of what the LCHT does, such as pre-development acquisition, a revolving loan program, etc. For a family of 4 in Beaufort County, 80% of median income would be eligible for a mortgage of \$159,300, which teachers, firemen, etc. could be able to get. The LCHT guarantees a minimum leverage of 4 to 1. If the city participates with them, they guarantee to leverage at that rate, and any money they put into the trust comes back to the city. She described the process that would follow.

Mayor Keyserling asked the minimum contribution; Ms. Zara said in the presentation they said they wanted \$100,000 + \$30,000 annually for operating, and she feels certainly “something can be worked out.” Ms. Zara said she told LCHT that if there were real projects that the Redevelopment Commission could bring to them, then the LCHT could tell them what the city would need to put up and how LCHT could match it. Ms. Zara said this is a good time to have this conversation, since it’s budget time.

Councilman Sutton said he’d like to have future conversations with Ms. Zara “about the endgame.” Ms. Zara said the maximum for financing is 120% of median. The Northwest Quadrant is the beginning, but there are houses all over the city that could qualify for this money; there are many opportunities. The LCHT is in the historic district in Charleston, and they have similar issues there and here.

Councilman Sutton said if they control the land, they can get the house built; they can work with the bank on the loans, which is difficult. The “city needs control of the dirt,” he feels. Ms. Zara replied that “there’s not much dirt to control.” Councilman Sutton said there are bank-owned lots that those developers bought and are losing. Once control of the soil is gained, they should have the goal of vertical growth. He asked, if someone owns a lot and can’t get a loan, they have the equity and the land, and they live on St. Helena, “how do we get them back in the city?”

Ms. Zara said they’re looking at grants. She asked, if they had \$50,000 and a few potential builders, and they look like they would qualify, “how does the house get built?” Councilman Sutton said the developers need to know they can build a house cheaply enough that they can compete with the houses already there. Habitat for Humanity has built more houses for less money without incentives and has built up the tax rolls. Ms. Zara said it’s a combination of solutions.

Ms. Zara said their subcommittee has also discussed incentives, some of which have a perceived cost to the city. Mayor Keyserling said they need to present some models as to what they want to do, what it would cost, who potential partners might be, and do a presentation like the city’s department heads do. The Office of Civic Investment has said they will present the Redevelopment Commission with “projects with potential.” Mr. Dadson said this is just one piece; the incentives can include many things. The Planning Commission and city council will get many “decision points” in the future, which is what the city wanted. They will all be coordinated at once, which is what he and Ms. Hughes have wanted to see. Mayor Keyserling said he finds it “overwhelmingly positive to see this many pieces in motion.”

Historic District Review Board (HDRB) Demolition Regulations

Libby Anderson said at a work session, city council had discussed HDRB’s purview in demolition. The concept of their authority was discussed and it could be strengthened or lessened. The board is meeting later in the month and decided they were happy with the ordinance as it was. A *denial of demolition* would stay the demolition for 180 days. Mayor

Keyserling said he understands that sometimes a good one is saved, but he asked if there's another category of buildings that don't have that value and are on the list. **Donna Alley** said it's important to bring it to the board to answer those questions. She said the Mather Auditorium was a good example, and the board fought for it and stressed its importance to the campus instead of a parking lot that would not celebrate what the building was. It's only a delay, but it's a public discussion.

Councilman Sutton said the ordinance "doesn't read 180 days, but that's rubber-stamped on them all." There are other steps in it that aren't heard about. The rest of it should be deleted if there is "simply a demolition or no demolition response." The 180-day waiting period until the permit can be issued for demolition is intended to delay it so that things can happen, but those things are the responsibility of a citizen board, city council, or its coffers.

Joel Newman said the ordinance isn't clear; he said fellow HDRB member Michael Rainey feels that the only thing important is that someone doesn't decide to tear down a building and then it's gone without review. The process has a slowing effect for people to evaluate the building and see if it has historic value, etc. During the cooling off process, Historic Beaufort Foundation, for example, might be able to find something to be done instead of demolition.

Mr. Newman said every time the conversation happens, in the historic district or not, it goes: "Maybe something can be done." It's put off because it's obviously in need of saving, or they've said, "You should consider this and see Historic Beaufort Foundation before you demolish it," because it might create a less useable zoning restriction, for example.

The structures are known to be historic or significant, etc., Mr. Newman said. When someone seeks a permit to demolish, the staff could tell them to go to Historic Beaufort Foundation before they pay the fee, have a review, and go to HDRB who will tell them the same thing, anyway. They would just be shifting the onus to somebody else, and they weren't sure that improved the process. It "only made the process different." Mr. Newman felt that if someone went directly from the permit office to the Historic Beaufort Foundation, who said it was okay to demolish, it shouldn't come to the HDRB to begin with. The HDRB doesn't have a higher level of authority or greater knowledge; they just say "step back and wait."

Councilman Sutton said the HDRB is meant to help the person who wants the demolition to "see the light," and city council wondered if they were doing that if they could only offer the 180 days. He said if it's so important that Historic Beaufort Foundation comes and presents it to council and says the city should exercise eminent domain to save it, they have never had that discussion. Ms. Alley said there are "tools further into the ordinance." If a building came to them, and it were deemed so significant that they could come to council, they could ask it to be designated a historic structure, such as if someone wanted to demolish the Pour House, for example.

Julie Goode said she's concerned that all this would come to Historic Beaufort Foundation and they would say yes or no and skip the city entirely. She doesn't think they should "be singled out on their own as the only yes/no body." Mr. Newman said Historic Beaufort Foundation seems to be the only party to identify significance or lack thereof. They have had two examples of this so far. In one case, they asked the owner to try to get someone to move a building off his lot; they had denied it so that if he couldn't find a partner, he could take it down after 180 days. They also approved the demolition of a plantation house.

Ms. Alley said there is a historic site survey, and all the significant structures were determined in 1998. That's what the HDRB uses to make historic determination. She said her office and Historic Beaufort Foundation would like the ordinance strengthened, not weakened. Councilwoman Beer asked if the owner *has* to be put on the register, and Ms. Alley said yes. Ms. Goode said there are special circumstances when they can be compelled to, but in most cases the owners have to approve it. Ms. Alley agreed that the language could be tweaked but she doesn't want to see the ordinance done away with.

Mr. Newman said it's a last step where something is looked at, it's "in some listing," it's taken care of at the city desk, and it gets an automatic 180-day review based on its historic significance, *or* it comes to the HDRB, and they suggest partnerships or approve the demolition.

Councilman Fordham asked Councilman Sutton about the structures with trees growing out of them he had discussed at previous meetings. Councilman Sutton said once they get a certificate of denial, there's no change to be made. Councilman Sutton said there's been frustration that going to Historic Beaufort Foundation "seems to be all someone can do." There are other measures that could be done if they were taken to council, but that isn't done. They could use eminent domain, but what do they do with it once they own it? "If it's habitable, why would you go for demolition, anyway?" Councilman Sutton asked. Historic Beaufort Foundation should be notified immediately, anyway, as soon as the application is made, he feels.

Councilman McFee said if the first step in the application is to go to Historic Beaufort Foundation, that step takes place prior to going to HDRB, so the 180 days doesn't begin at that time. Councilman McFee said he won't make a historic designation determination; he'd go to Ms. Goode, too. There are partnerships and advocacy already built in. Council's advocacy here is with its partners in that same time frame, Councilman Sutton said. He likes the idea of applicants being told to talk to Historic Beaufort Foundation right away.

Mayor Keyserling said with this process, applicants would bring more to the HDRB than "I want to tear it down." Mr. Dadson said 180 days could start at application, but the fee could be processed to the builders, historical advocates, etc., who could say they would like to save the building. By the end of the 180 days, outside the district, the time would be used by the housing advocates to advocate. They are letting people know about it, and opportunities will happen. The board will get a report. Mayor Keyserling said managing time through the schedule can be frustrating. Someone may have to wait 29 or 30 days for an HDRB meeting. He feels there

should be advocacy through every part of a regulatory process. This offers predictability, he said.

Councilman Sutton said to fix it, they “need to determine what needs to be changed to make the second step happen.” The current language doesn’t make it happen at all like they are saying they want it to. Ms. Alley explained what happens now to make it as expedient as they can. Historic Beaufort Foundation gets their package a week before the meeting, as does the board. Ms. Goode said Historic Beaufort Foundation would get the application for demolition as soon as it’s filed, and they wouldn’t have to wait on a staff report, etc. Ms. Goode said that would be very helpful.

Councilman McFee said the advocacy seems to be happening, and he asked if there could be clarification of the language. It’s not said in the ordinance, and there seems to be “a disconnect” when they have already fixed that. Ms. Alley said legal language is one thing, and procedure (which can be changed) is another matter. Mayor Keyserling asked how much of the process has to be in the ordinance. Councilman Sutton said someone could argue that they don’t have to talk to Historic Beaufort Foundation. Ms. Alley said they have an option to do things; Councilman Sutton said he wants it to be clear that “there is a sequence of events that unfold.”

Mayor Keyserling said it would be helpful for Ms. Alley to have a flow chart, and then they will look at the ordinance to see if it’s doing what they want it to. Ms. Anderson said it would be better for the changes to be in the standard operating procedures, not the ordinance, because “if any little thing changes, the ordinance would need to be changed.” Ms. Anderson said there needs to be a pre-application conference with owners who are on the list of historically significant structures. Ms. Alley said some people know they’re on the survey and some don’t. Mayor Keyserling asked them to bring back a checklist for council to examine.

Staff Report on the Municipal Complex

Keith Whatley, Project Manager with LCK Construction, said the complex is three projects including the city building, police building, and street renovations, which have taken 3 months longer than was anticipated. There have been many delays to get utilities in to price and schedule, etc. They did the last storm drainage dig the previous week, and within 2-3 weeks, the paving will be complete. The City Hall is complete “except for the snag of the lights beeping.” He’s meeting with the manufacturer’s electrician to determine if the installation is correct. The “backup lights test themselves all the time,” he said; the manufacturer has come up with an audio alarm that used to be just a blinking red light and they can get set off easily and have to be reset. They hope to get this resolved by cutting the wire.

Mr. Whatley said that in the police building, the previous chief said they technically aren't holding cells, so they weren't inspected by SLED, but the current police chief would like for them to be certified, and they have been trying to make this happen for a year. They are an

inch shy on the width for the cells and need a variance from SLED. Someone is looking it over, and he said they hope the letter is on its way.

In the police/court building, Mr. Whatley said, the HVAC system was to be cut off on nights and weekends, and they were told that there would be no one in the buildings, but there are. With the air running in the police side and not the court side, there were condensation problems. He explained how this problem would be solved.

Before the waterproofing was put on the buildings' stucco, there was water intrusion, Mr. Whatley said. They found where it was coming from. The contractor took off the water *barrier* (not water-proofing) put it back on, and applied waterproofing. There are still a couple leaks, but that's being solved. He added that all the signs up in the complex currently are temporary, and they have received complaints that "everyone wants to pay a traffic ticket everywhere."

Councilman Sutton said he's proud of the product but frustrated by the problems. He'd like to know what the vendor will credit the city back for the problems. He would like to know when the police building will be done. An architectural issue has caused the problems in the building, and he hopes the architect learned how to build a building in the Lowcountry. Mr. Whatley said the Tybek was approved as a water barrier. The architect signed off on the building's construction.

Ms. Hughes said the complex is within \$50,000 of budget, and they expect to be within budget when it's finished. Councilman Fordham said when they used to be in the city court building, there was a ½" gap in the front doors. Mr. Whatley said the doors have "sweeps" in them like the back doors on the city hall building. Those doors have been replaced twice. Mr. McNally offered to report to Councilman Fordham on his concern the following day.

There being no further business, the meeting was adjourned at 7:07.

ATTEST: _____
IVETTE BURGESS, CITY CLERK