

A work session of the Beaufort City Council was held on October 18, 2011 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Mayor Billy Keyserling, council members Donnie Ann Beer, George O'Kelley, Mike Sutton, and Mike McFee, and City Manager Scott Dadson.

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 work session to order at 5:00 p.m.

Councilman Sutton made a motion, second by Councilwoman Beer, to add an Executive Session at the end of the work session. The motion passed unanimously.

SPECIAL MEETING: ORDINANCE REGARDING UNDERGROUNDING OF OVERHEAD LINES AND LOW VOLTAGE PROVIDERS

Councilwoman Beer made a motion, second by Councilman McFee, to approve the ordinance on first reading. Mayor Keyserling said Charter and Hargray reps were unable to be at the special meeting. **David Stiles** was present from Century Link.

Mayor Keyserling said there has been confusion about two different issues with poles and trees. One issue was that last spring when the utilities trimmed trees, council realized that there was nothing to be done to regulate the practice, as many trees were in the public right-of-way; council needed to look for ways to deal with the issue. The Tree Board met with SCE&G and the low-voltage providers to look for ways to work through this with greater efficiency; this process is ongoing.

Secondly, Mayor Keyserling said, when SCE&G brought in high-voltage lines through the city, they negotiated that if they put the big poles up, they would do their best to get low-voltage providers off the old poles and would work with them to go underground when SCE&G did. The expectation was that the wooden poles would disappear when the big poles went up. The underground distribution process is still ongoing. Some low-voltage companies are intending to stay on the wooden poles, which they need for distribution. The agreement was meant to bring fewer poles and higher wires, but it's not happening. Mayor Keyserling said they are continuing to try to work with low-voltage companies to try to get that going. Mayor Keyserling said the ordinance would require this when SCE&G makes the first move, since they own the poles. The ordinance is about council saying that they are trying to get the lines to come down as quickly as possible, he said, and they expect the low-voltage carriers to join in.

Mr. Dadson said where power utilities put their lines underground, the low-voltage lines would need to go underground, too. Poles might be adjusted to another side of the street or to an alley; if there's movement, they will all move at the same time. If it's to be done, Mr. Dadson

said, and they refuse, council would either revoke or deny the cable franchise within the city limits.

Councilman O'Kelley asked how the franchise agreement dovetails with this ordinance. He asked if there were anything in the franchise that is contrary to what is being done in the undergrounding ordinance. Mr. Dadson said not that he's aware of. The city has asked if the ordinance is lawful, and the city attorney has said that he believes it is. Councilman O'Kelley asked Mr. Dadson to ask the city attorney to review the franchises of all low-voltage providers to see if there's a problem. Mr. Dadson said he would.

Councilwoman Beer said trees are "so important," and even when they are trimmed correctly, it "still looks like butchering," so she hopes there will be cooperation. Councilman Sutton said the ordinance for its intended purpose is good. Absent a franchise agreement, he asked what right a low-voltage provider has to operate in the city. Mayor Keyserling said low-voltage providers are permitted to *not* have a local franchise agreement and can get one from the state. Mr. Dadson said the power utility provider agreement brought them to the table for over a year, and they agreed to another agreement. Mr. Dadson said they can get access encroachment agreements, etc., but whether they can operate as a business without a franchise and therefore with their bonding authority, etc. is another question. Legally, only the city attorney can say, but his understanding is that the franchise is the legal right to exist.

Councilman Sutton asked how to keep City of Beaufort from having 2-3 different ways to provide service above ground with their own poles and agreements with SCDOT. Mr. Dadson said there's the right to exist as a business and the right to innovate. Franchises are about the encroachment in a public right-of-way. In South Carolina, the franchise has the right to exist as a business; some low-voltage providers buy a lane – like Century Link does – "and sell capacity in it to serve customers, or it can be shot over the air like a satellite." He said there's an issue of how to get the line around. In the public right-of-way, there have to be private property permission and encroachment agreements. Some low-voltage providers have rental agreements on the poles, which are different than the rights given through SCE&G.

Mr. Dadson said the city has the authority to consent or not to Hargray's efforts to get a state issued certificate of franchise authority. Councilman Sutton said the public relations piece is important to the businesses as well. He asked if the ordinance helps when the power line routes aren't followed. He asked how the city is protected from adding new poles. He gave the example of needing to cross the tracks (now Rail to Trail) in the Depot Road area to service a new area. Mr. Dadson cited a segment of the ordinance.

Councilman O'Kelley said the body of the ordinance doesn't seem to address new construction and maybe should. Councilman McFee said new construction already has to bury underground; Mr. Dadson said this is true "if they trigger certain factors." Councilman McFee said "new

construction triggers the burial.” Mr. Dadson said “the area between development areas,” though, may be above ground.

Councilman McFee said he concurs with what he’s heard. He feels that the low-voltage service providers need to be partners with the city.

Mr. Stiles discussed the trade-offs between buried lines and the above ground lines, which, though more difficult to maintain, are less vulnerable in other ways. “It’s cheaper to go buried,” and they prefer to go underground, but sometimes they have to go overhead, Mr. Stiles said. Century Link doesn’t trim, though; only the power company does, which can butcher trees. Century Link gets calls to cut down trees that lean toward a drop line in people’s yards. He tells those people that it’s cheaper for the tree to fall and then to put the line back up than it is to cut a tree down.

Councilman Sutton said permitting merits further discussion. Mr. Dadson said if council passes this ordinance on first reading, they can discuss how to create the non-standard service agreement. The low-voltage providers have a more competitive environment to deal with. Someone has to pay to get lines off poles. Council needs to be able to discuss and negotiate that, which could create a revenue stream and a partnership so everyone could do it at the same time.

Mr. Stiles said before deregulation, his company was “the only game in town,” and Century Link was eager to participate in such projects. With competition, they “are fighting for every dime and to provide quality service economically.” They have lost some customers to Hargray and won some back.

Erica Dickerson asked about the replacement of existing poles. Mr. Dadson said if SCE&G goes underground, then low-voltage would go underground. The ordinance doesn’t apply to replacing existing poles with other poles. Mr. Stiles said if a new pole comes in, it’s 6’ – 8’ higher than other poles, then the low-voltage poles “are chopped off.” Mr. Dadson said this doesn’t engage when a new pole shows up. It’s when a high-voltage provider does something in a neighborhood. **The motion passed unanimously.**

CONSIDERATION OF CONSENT TO THE STATE ISSUED CERTIFICATE OF FRANCHISE AUTHORITY FOR HARGRAY COMMUNICATIONS

Councilman Sutton, second by Councilman O’Kelley, made a motion for the city to deny consent under South Carolina state statute 58-12-310, to a franchise agreement as applied for by Hargray Communications. Mr. Dadson recommended that the council not consent *at this time* for a state franchise for Hargray. He further recommended saying that council would consider consenting if and when certain conditions are met. There was general discussion about Hargray, with the conclusion reached that they own their own infrastructure. Councilman O’Kelley asked the end result of not consenting. Mayor Keyserling said “We slow down their

process.” Mr. Dadson said Hargray would have cause to sue the city. Mayor Keyserling said he’s not comfortable with the condition; he feels it’s better not to consent without conditions. **The motion passed unanimously.**

Councilwoman Beer, second by Councilman O’Kelley, made a motion to adjourn the special meeting. The motion passed unanimously.

WORKSESSION

BOARDS AND COMMISSION INTERVIEWS

Jane Sidwell was interviewed for a position on the Historic District Review Board or Tourism Development Advisory Committee. Ms. Sidwell described her background in organization and administration after a discussion about the most appropriate board / committee for her to serve on.

DISCUSSION ITEM: ATAX

Mayor Keyserling said he can’t remember a time in this process when council was “happy” at the end of it. For 3 years, they have asked everyone to look for better ways to work together. The community “got spoiled” by the residential community developers who invested \$5 million a year to package a Beaufort lifestyle and bring people here. When those developers left, that stopped. “Then real estate dried up,” Mayor Keyserling said, and then the Chamber of Commerce had an “identity crisis with internal shuffling.” Meanwhile, the amount of money to be distributed is getting to be less and less as more people seek it. Mayor Keyserling said the best hope he saw was at a Main Street Beaufort presentation with a branding organization that showed fire trucks, schools, many businesses, the city, and the county all sharing a brand and thereby helping each other.

Mayor Keyserling said he doesn’t want to hold up this year’s process, but he wants “a plan to see how to de-fragment and further integrate all of the marketing.” He planned to look at the county’s Accommodations Tax money and see how it’s being distributed in comparison. He said he doesn’t have *an* answer, but feels there should be a process for assembling a group of people who know the process. Two issues, Mayor Keyserling said, are TDAC and the Designated Marketing Organization (DMO).

Bob Moquin said the county Accommodations Tax was for \$250,000 for the whole county. Mayor Keyserling said the owner of Beaufort.com is interested in being part of the conversation. They own domain names and are working with newspaper publishers to build destination marketing. Mayor Keyserling said the end goal should be an RFP to see who can do what they want to have done.

Councilman Sutton said the discussion is about a process that’s already defined in state statute. He wants to know if there’s room in there to make changes. Mr. Dadson and Mayor Keyserling both said there is such room. Councilman Sutton said it’s a funding stream that, if it weren’t

discussed as to how to improve it, would be voted on; council is involved because they have to vote on it to approve it, and every year, it's always a big issue because the board comes back with funding recommendations, but council doesn't always agree that it is in the best interests of the city. Councilman Sutton said they could refuse to fund for two years to look at the process. If they're going to change the game, it needs to be discussed now.

Councilman Sutton said \$150,000 is not a lot of marketing dollars, so the discussion he wants to have is about leveraging. If Accommodations Tax awards are meant to be for out-of-area funding, he doesn't see why the money should fund events. He isn't sure if they need a lengthy review, if state statute allows council to work with the DMO on the issues of concern. Mayor Keyserling said he feels the county should also be integrated. Council should sit down with the city's and the county's DMOs.

Councilman O'Kelley said these non-profit groups ask for money from the county, the city, and the municipalities. He feels like they "should look at what all the building blocks are for an organization," not just the city's funding. Mayor Keyserling said when a DMO is chosen, they'll have "a leader of the pack." Mayor Keyserling suggested that Beaufort Memorial Hospital would be a good partner in that they advertise a great deal in print and television already. Councilman O'Kelley said they might also look at how Myrtle Beach and Charleston do it. Councilman McFee said those cities are probably ahead of Beaufort in branding. Mayor Keyserling said they are probably also ahead in the leadership of their primary marketing organization unlike Beaufort's in the last few years. He said there should be a conversation about if the DMO should be in charge of events.

Councilman McFee said the intent of Mayor Keyserling's effort was to discuss the DMO, TDAC and Accommodations Tax issues. The statute only covers one aspect of this. Councilman McFee said the regional aspects of this matter are important. There needs to be clarity about the discussion: is it about the DMO or the Accommodations Tax? Mayor Keyserling said the conversations need to be separate. Councilman Sutton said the city had a DMO for marketing. If the DMO status is clear, it's incumbent to put the \$155,000 to what the DMO is already trying to market to make sure that the money is matched against ongoing marketing campaigns outside the area. Smaller organizations should be piggy backing on what is already being done, and if they're not, they should be red-flagged as not participating in marketing the things that council wants them to do.

Mayor Keyserling said the recommendations for next year on next week's council agenda. He's looking for confidence that the community is heading in a direction that is cooperative. Councilman Sutton said if TDAC was clearly directed, it would already be working, but they've never been given that direction. The county is asking the same questions now about accountability like the city is. Mayor Keyserling said the "300" campaign was essentially marketing hotel rooms; Mr. Moquin disagreed that that was the message. Mayor Keyserling said that was his interpretation. Shrimp Festival was great, he said, but what if it had been

packaged with a performance at night and a folk art festival to get people here for three nights instead of one or two.

Mayor Keyserling said he feels the mechanics are working, but “there’s not a collective vision of who Beaufort is and how to get people here and how to use every penny toward that end.” Mr. Moquin said the key is to maximize the Accommodations Tax dollars for those ten applicants. Even if the county jumped on board with the concept, there could be a straightforward, cooperative program developed. Mr. Moquin said the CVB is happy to move the process along. They can identify different audiences at different times of the year, for example.

Mayor Keyserling said various groups could combine their e-mail lists for greater effect. The Water Festival and Gullah Festival being marketed side by side help each other, not hurt each other, and at no additional cost. **Larry Holman** said they can get there by meeting on a quarterly basis and advertising for one another in different media than they might normally use.

LaNelle Fabian said cooperative media sharing has been done and gave some examples. She said a problem with it is “the look.” She said the next step is to get everyone together and then to talk to groups like Beaufort Memorial Hospital and USCB to bring them on board as well. She feels the branding discussion might be a good first step. When there’s a cohesive look, marketing strategies might change. She agreed that quarterly meetings would be good and also for TDAC to meet at least twice a year. Councilman Sutton said this goes back to the DMO issue, and Mayor Keyserling added “We need leadership.”

Councilman Sutton asked why there is a DMO if every group is *its own* DMO. Councilman Sutton feels “it’s time to punt.” They should put money into out-of-area marketing through the DMO. Mr. Holman said he fears that if the distribution of funds is left up to the DMO, “the organizations will be left out, and it won’t be inclusive.” Councilman O’Kelley said council has no statistics about what the money is used for. Ms. Fabian said TDAC has that information in their grant applications.

Mayor Keyserling said he agrees with Councilman Sutton but feels that Councilman Sutton is “leaving out the county money.” Mayor Keyserling said the county chair, Dick Farmer, could be sat down with and told that the county is funding Main Street Beaufort at such and such a rate, and the city is too, and is it being used for the same thing. Councilman Sutton and Mayor Keyserling agreed that the county would have no reason not to agree to cooperate on Accommodations Tax money. Councilman Sutton said if there were one pot, the Northern Beaufort County marketing organization / DMO would be giving through this larger pot of money.

John Dickerson, chair of the Chamber of Commerce Tourism Advisory Committee, said there was coordination on billboard buys, but if there were a single order - though different groups

have different messages for their different constituencies - there would be better use of the money so each group would benefit from the larger, coordinated buy. Ms. Fabian said she agrees with Mr. Dickerson, but various groups' unhappiness with the current DMO is not being discussed and that's problematic. Mayor Keyserling said the money needs to work together; he's not concerned with who the leader is "as long as they're strong."

Mayor Keyserling described a possible scenario for an electronic magazine and how it would work. Mr. Dadson said in the DMO budget there are \$500,000 public tax dollars; he asked Mr. Moquin how many dollars were private, and Mr. Moquin said \$185,000. Mr. Dadson asked what the private side's efforts are in this; though it shouldn't be dictated what they do, he said, "Council is frustrated by the little bang for the buck that they get from the public dollars."

Mr. Dadson said the short-term question is what to do with the applications in front of it. Councilman Sutton said they will have a public hearing and they will issue the funding. Mr. Dadson said if council holds, it has to have "a plan for what to do with that hold." Councilman McFee said the reality is that council is at a point where they will not go forward with the old way of doing this. Mayor Keyserling said there is a historic lack of confidence on the part of council in the distribution of the public dollars, and that needs to be fixed. Mr. Dickerson suggested that council should make its decisions on awards and invite the awardees to sit down and work it out.

Mr. Dadson said if those awardees come to the table, the same thing that always happens is likely to happen again, so council should make a different choice. If council were to hold the money and make everyone come to the table, they might get a different answer. Councilman Sutton said business leaders should be included, and in a perfect world, that would be the Chamber of Commerce. He suggested that the conversation be had at the following week's work session, when Chamber representatives are set to come.

Mr. Dadson said council wants to be in the business of marketing Beaufort, not of "the politics of distributing political dollars." There was general agreement that the distribution should be put on the work session agenda.

EXECUTIVE SESSION

On motion of Councilwoman Beer, seconded by Councilman McFee, council voted to move into Executive Session pursuant to Title 30, Chapter 4, Section 70(a) (2) of the South Carolina Code of Laws for discussion of land acquisition. The motion was approved unanimously.

Councilman Sutton made a motion to end the Executive Session and resume the work session, seconded by Councilman O'Kelley. The motion was approved unanimously.

ADJOURNMENT

There being no further business to come before city council, **Councilman Sutton made a motion to adjourn, seconded by Councilman O’Kelley. The motion was approved unanimously,** and the meeting was adjourned at 8:13 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK