A special session of the Beaufort City Council was held on December 22, 2015 at 7:00 p.m. in council chambers, 1911 Boundary Street. In attendance were Mayor Billy Keyserling and council members George O'Kelley, Stephen Murray, Phil Cromer, Mike McFee, and City Manager Bill Prokop.

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 7:02 p.m.

ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT OF SALE FOR THE CITY'S PURCHASE OF PROPERTY AT 500 CARTERET STREET

Councilman Murray made a motion, second by Councilman O'Kelley, to approve the ordinance on second reading. Mayor Keyserling said **Bill Harvey**, the city attorney, would explain changes in the agreement that had taken place since the first reading. Mr. Harvey said the terms were the same as had been discussed at the first reading, but "there were some legalities that dealt with the financing in the manner that we were discussing last week," so "with the aid of the seller's attorneys, we sort of restructured this," so that the city would purchase the open space outright "with the initial $250,000," and "enter into a 3-year lease/purchase agreement with the same terms as we had before." Lease payments will go toward the purchase price, and it can be paid off at any time, Mr. Harvey said.

Councilman Murray asked if the seller's attorneys or the city had discovered the issue. Mr. Harvey said the seller's attorneys required "a note and mortgage," and the law says that "the city can't borrow funds except through tax anticipation notes," so the city would have been prevented "from consummating the deal within the time period that the seller had," Mr. Harvey said, which was the end of 2015; therefore, the city had to restructure the deal. Councilman McFee asked how "the lease/purchase actually consummates the tax benefits," since the city won't own the building for 2–3 years. Mr. Harvey replied that "the original $250,000 was the tax consequence" that **Parker Barnes**, the seller, "needed to happen this year," which is why the city "will close on the conveyance of the open space" – which includes the parking area – on December 30.

Councilman Cromer asked if it would be legal to close on the open space and delay the lease/purchase until after the first of the year. He hasn't had time to completely read through the changes, "and I want to think about it a little bit." Mr. Harvey said the seller and the city can't close without also having the lease/purchase agreement: "It all happens at the same time." The city has access easements it must give back to the seller, and legal documents must be exchanged.

Mayor Keyserling said Mr. Barnes had refused to sell the city just the open space when

the city manager had asked a few weeks ago. Mr. Harvey said, “It’s all a package deal.” Councilman Murray said last week’s motion was for council to authorize the city manager to enter into this agreement, but then at the final hour, they found they “need(ed) an ordinance change . . . to move this thing forward,” which he asked Mr. Harvey to explain. Mr. Harvey said they had needed the special council meeting last week because the seller was requiring a note and mortgage, and the law requires that any borrowers have to have an ordinance, so the city “had to hurry this up” to get it in by the end of the year. Councilman Murray asked if Mr. Harvey was unaware that the seller “was going to hold the mortgage for us before last Tuesday.” Mr. Harvey said no, the note and mortgage “came up really at the last minute.” The original draft of the agreement was for “an installment type sale.” Councilman Murray asked, “An installment type sale doesn’t require the same ordinance provision under state statute?” Mr. Harvey said he believes “we could have done it. The seller’s attorneys wanted . . . the security of a note and mortgage.” When it became a note, it “took on the element of the borrowing,” and this “triggered the ‘hurry up’ ordinance that we had to do last week,” he explained.

Councilman O’Kelley said if the city is purchasing the open space, that’s what the mortgage would be on. Mr. Harvey said, “The note and mortgage are gone.” The lease/purchase is of the building, and the open space is being purchased outright. Councilman McFee asked if the building’s owner would pay the taxes and insure the property, and Mr. Harvey said yes. The lease/purchase agreement, he imagines, will address that at closing. Councilman McFee said “a triple net lease” would mean the city would “end up paying the insurance and taxes and . . . paying $50,000 more a year for the building” than was negotiated, because the lease/purchase agreement doesn’t include insurance and taxes. Mr. Harvey said, “the lease/purchase agreement has not formally been signed.”

Mr. Harvey said, “The terms are addressed in the lease/purchase agreement.” Councilman Murray asked Mr. Harvey to point out where the agreement addresses insurance and property taxes, and Mr. Harvey said it doesn’t. Councilman Murray asked if the lease/purchase agreement would “come to council for our approval before it’s authorized by the city manager, or are we basically signing off on it by approval of this document tonight?” Mr. Harvey said they are signing off on it by approval tonight. Mayor Keyserling asked if council could amend the lease/purchase agreement to ensure that it covers the taxes.

Mr. Prokop said the price the city “agreed to pay is the *total* price”; if that price doesn’t have taxes and insurance in it, the seller will have to be responsible for them until the city takes over the building. Councilman Murray said he would be more comfortable if he were assured that Mr. Barnes was planning to pay the taxes and insurance. Mr. Prokop said this agreement is what Mr. Barnes and his attorneys had asked for, and they’ve agreed the price wouldn't change; if Mr. Barnes won’t agree to pay taxes and

insurance, the city won't sign the agreement.

Councilman O'Kelley said it's Mr. Barnes' building, so taxes and insurance are his responsibility. Councilman McFee said the city manager has the authority to negotiate a lease/purchase agreement, and insurance and taxes could be an additional cost. Mr. Harvey said, "There won't be any additional costs."

Dick Stewart read from a statement that is attached as an addendum to the minutes.

Maxine Lutz said she thought last week it was said that leasing out the office space in the building would be a source of income for the city to support the project. Mayor Keyserling said the city would lease the whole building and sublet the office spaces. Ms. Lutz said that the city has done a great job in its commitment to downtown residential. She hopes that there is an end time for the use of the Bank of America lot for parking. Anything the city does now to the area will improve it, but if the Old Commons neighborhood had had time to respond to this purchase, Ms. Lutz feels they also would have told the city to make this lot "a short-term fix" for the city's parking issues.

David Cargile said that while the parking task force members did not start out as parking experts, after six months and thousands of hours of work, they were experts "or close to it." Many of the members are senior business people, including one from Mr. Stewart's company. In regard to the mayor influencing the task force's decision to recommend that the city consider the Bank of America lot purchase, Mr. Cargile said when Mayor Keyserling first met with him about chairing the task force, Mr. Cargile had misgivings, and told Mayor Keyserling that, saying he would only do it if the task force were "done independently . . . and professionally, and (with) no undue influence," and that's how it was. There was "zero attempt to influence or to press us by the mayor, anyone on city council, or the city staff," Mr. Cargile said.

The focus of the task force was on what Mr. Stewart had said needs to be done: "cur(ing) the parking problem downtown," Mr. Cargile said. The task force came up with their solutions by "meeting with hundreds and hundreds of people," including downtown merchants and residents. They first ascertained that there *was* a parking problem, and they determined that a major factor causing it was employees parking in prime Bay Street spots. To solve that problem, Mr. Cargile said, the city couldn't just tell the employees that they couldn't park there without presenting them with an alternative. He feels the Bank of America lot will go a long way toward clearing up the parking problem for businesses on Bay Street in the short-term. He added that the parking task force's research showed that people – including those employees with whom they spoke – *will* walk 3 blocks to Bay Street. As the task force chairperson, Mr. Cargile said, many people had called him about downtown employees also parking in The Point and in other residential areas.

Mr. Cargile said, as far as this location being a transit hub, the task force never envisioned that people would *have* to walk from that lot to Bay Street; people would be taken there (e.g., in a golf cart). This location would also serve to expand visitors' views of downtown beyond one block of Bay Street.

They can get 75–90 parking spaces in the Bank of America lot, Mr. Cargile said. If employees had 40 spaces there and 40 spaces at the marina, the task force believed that would cure the employee parking problem "for the interim," he said; it would also leave additional spaces on Carteret Street for visitors and the general public. As far as the carriages, which Mr. Stewart had said would "suffer reduced revenues" if they moved from their current marina lot location, Mr. Cargile said there is space in the Bank of America lot for the horses, though the task force didn't think that should be done immediately. However, this location *would* put the carriages closer to the Historic District, where they give their tours, than they are now, he said.

Mr. Cargile said purchasing this lot was never seen as a permanent solution to the city's parking problem; it was considered to be a way to cover the 3–5 years that it would take to build a parking garage, if the city does that. Where the parking garage is located, he said, should be based on experts' opinions, as Mr. Stewart had said. The parking task force did determine that if the city did not locate more parking space and use the marina lot differently, there would be no solution to the downtown parking problem. Mr. Cargile reiterated that the task force took six months, "with thousands of hours spent walking the streets and talking to people," to determine this. The city has lost more than 100 parking spaces, he concluded, "and it's time to add some back."

Mayor Keyserling asked "the strength of the vote" about this recommendation among those on the parking task force. Mr. Cargile said the chairs and co-chairs signed off on all of the recommendations that were to be made to council, and then they met with the rest of those on the task force, and "the agreement was 100%."

When the task force did its large survey of residents, Mr. Cargile said, which included people who lives as far away as Bluffton, the #1 reason (for more than 90% of those surveyed) that people didn't come to downtown Beaufort was because of being unable to find a parking place.

Mr. Cargile said he hadn't known about the changes to the agreement that are under discussion tonight, and he wasn't involved in the bid process, but he recalled that the task force had researched insurance and determined that if the city bought the building and put it into its insurance schedule, it would cost about $1500. The task force did no property negotiation, Mr. Cargile said, but they were committed to doing everything they could to determine feasibility. He said task force members had met with **Greg Darden** to get his input on the Bank of America lot and on a parking garage, and they "did the costing and financials on building a parking garage in a space on Port Republic."

Mr. Cargile said they had also utilized expert connections that their members had in order to determine the feasibility of their plan, and they were told that it was feasible.

Councilman Cromer asked if the task force had determined an amount that a parking garage might cost: Mr. Cargile said they had determined a range – from $15,000 a space to $40,000 a space – based on reading the City of Beaufort's parking "reports going back to 1997, I believe," and consulting with many experts, such as parking managers in other cities of similar size. The task force used $25,000 a space in its final calculations, based on 500 parking spaces, he said, and "we built in a certain number of spaces that we believed someone might want to buy up front at the same cost to share in it," which would reduce the size of the bond and give the purchaser some private spaces.

Although there were assumptions made, Mr. Cargile said, their plan was vetted by experts. The task force was "as transparent as possible," he said; for example, whenever he went to a lunch meeting with anyone who could be considered a vendor, he always paid for it, to ensure there were no attempts at influence.

Mayor Keyserling asked the city manager if the list of people who had responded to the RFQ for parking structure consultants was public. Mr. Prokop named the four companies from whom the city had received submissions of qualifications for the parking garage. He also named the chairs of the city's volunteer boards/commissions/committees and staff who would be members of the committee that the city plans to form to review the four firms, beginning with a meeting in early January, with the goal of having a recommendation by the end of that month.

Councilman McFee asked Mr. Stewart about "the three independent professionals" whom Mr. Stewart had said had "indicated that the Carteret location was not an appropriate location to resolve downtown parking. Was that specifically with reference to structured parking in that location or parking period?" Mr. Stewart said, "They were asked to study parking and didn't select that as a site (*unintelligible* – steno.) positive." He said he didn't "know if anybody ever asked them about structured parking as it related to increasing parking for downtown," but they didn't select the Bank of America site "as a viable option." There was muted general discussion among Mayor Keyserling, Councilman McFee, Mr. Prokop and Mr. Stewart about various people's opinions about this.

Councilman Murray asked Mr. Stewart about a comment he had made about offering up a site on one of his properties on Port Republic Street for market value but not getting "a response from us." Mr. Stewart said 5–6 weeks ago, "**Graham Trask** came to me and wanted eight parking spaces (because) he wasn't comfortable building his building [on West Street] without (them)." Mr. Stewart said he had told Mr. Trask that he "couldn't do that because long-term, I was either going to develop or sell that property." Mr. Trask asked if Mr. Stewart would sell it to him. Mr. Trask then "met with

Prokop," which was followed by a meeting with Mr. Stewart, Mr. Trask, and Mr. Prokop, at which Mr. Stewart told the city manager that he "would be happy to sell it to the city at its appraised value." Mr. Stewart explained "what we normally do in a business transaction" in regard to appraisals. After that meeting, Mr. Stewart said he hasn't "heard anything further from the city, one way or the other."

Councilman Murray said that at one point, when he was not yet a councilman, he recalled Mr. Stewart had presented plans in a work session to put up "some type of residential . . . structure there on (the) corner." He asked if Mr. Stewart's plans had "deviated from that." Mr. Stewart said, "We're engaged in a number of transactions all the time." He said, "We never thought we'd end up buying Port Republic Square," but they did. He "is getting tired of this, so I think I'll probably just sell that and let somebody else do something. If Mr. Trask wants to build something there, I'm okay with that. If you guys want to do something, that's fine, too. I just knew that was one of the sites you looked at."

Mr. Stewart said that in his earlier comments he had referred to sending an email to the mayor, which he said Mayor Keyserling had "indicated earlier he thought he had responded to." Mr. Stewart said, over the years, he has frequently voiced a concern: he is "reluctant to base the success of our businesses downtown on a parking structure run by somebody we don't know, under terms that we can't control, and I'd like somebody engaged with us in conversation, and no one has responded to that invitation." Therefore, Mr. Stewart said, he'd "prefer you guys do this somewhere else and just leave me the heck alone, because I just don't feel like you've been forthright and candid trying to address our concerns." He said he wasn't referring to anyone present in particular, "but I hear all these other people doing studies, and talking about stuff – nobody's ever sat down with me and said, 'If guests don't have any place to park (*unintelligible – sounds like "then we're gonna make a hole*" – steno.) at the Beaufort Inn.'"

Mr. Stewart's recently opened property, "Tabby Place, is being very well-received," he said. "Assuming some of the other transactions we're doing through (*it?* – steno.), it would be my intent to send you folks a letter sometime in the next two months telling you to take our property behind Tabby Place, which is part of the Beaufort Inn, off your list of (*unintelligible* – steno.) parking sites, because we'd rather do business ourselves and pay the taxes then continue to try to work with somebody who's not working with us."

Mayor Keyserling told Mr. Stewart that **Jon Verity**, chair of the Redevelopment Commission, had told the mayor that he, Mr. Stewart, and Mr. Darden had been met two years ago, and they "couldn't come to any kind of an agreement about what your needs were and what you would bring to a partnership." Mr. Stewart said that was correct; he had asked Mr. Verity at that time "when this would happen." And if the

objective was to have “excess parking places for everyone else, and I want to build a building in the future, but limit it so that *I* couldn't use it, so what I asked for was a proposal from someone else,” which is “what I emailed you about.” Mayor Keyserling said he hadn’t received the email Mr. Stewart said, “These things happen.”

Councilman Murray said, “This is the second time in as many weeks” that there have been “somewhat significant” structural or procedural changes as to “how we’re putting this deal together . . . taking place at the eleventh hour.” He’s not comfortable voting for this because “it’s not clear that the seller has agreed to the terms that we’re sort of assuming tonight.” Councilman Murray said he understands the desire for a tax advantage, but feels the city has “responded as quickly as we could” to Mr. Barnes’ wishes. “If it were my private money” and not the public’s, Councilman Murray “would maybe be willing to gamble and move forward.” It also concerns him that the Lowcountry Produce building’s sale might not be closed “in a timely and clean fashion,” and the Bank of America property’s purchase is predicated on the revenues from the Lowcountry Produce sale. The city will be “in an awkward position” if that sale doesn’t happen, and will be on the hook for the lease/purchase that it has agreed to. Though there is money in the land fund, it is largely committed to a purchase on Boundary Street, Councilman Murray said, and in the last week, county council has moved on the Huddle House property. In addition, there is “a new site” that “I personally think is a better site,” he said, because it’s “closer to parking, and to employees, and to retail,” so he feels they should “do some due diligence” and see if a “deal can be struck there” that is “reasonable.”

Council only received this revised agreement at 3:00 p.m. today, Councilman Murray continued. He asked if any experts have looked at the structural damage that the engineer’s report noted or have determined what repairs might cost the city. Mr. Prokop said that report only came yesterday, and the damage was said not to be serious. Mr. Barnes has said that if there is “anything serious,” he will be responsible for repairs, Mr. Prokop added. Councilman Murray asked if that was in the lease agreement, and Mayor Keyserling said, “There is no lease agreement.” Council is voting to authorize the city manager “to sign the lease agreement as part of the contract. And I think we’ve made it pretty clear,” Mayor Keyserling said, “that it will be a lease that does not require us to pay taxes and insurance until such time as we accept the deed.” Mr. Prokop said, “Any major repairs would be done by the owner.” When Councilman Murray asked Mr. Prokop if that were in writing from Mr. Barnes, Mr. Prokop replied, “That was the understanding we had when we knew that . . . a lease agreement would be part of that.”

Mr. Prokop said Mr. Stewart had wanted to ensure that the city “got an appraisal that was professional . . . (on) the property and the air rights that go with” it. Mr. Stewart said, “You have an easement for 27 spaces at the ground level, and there is an easement on that same site in favor of two people who purchased condos above Beaufort

Clothing." This is, he said, "Why you can't sell residential downtown without parking. I tried for a year." The agreement, Mr. Stewart said, "contemplates that we can build buildings on that property, provided we leave you with those spaces on the ground level."

Councilman Murray said he can't vote in favor of this and feels council needs more time. Councilman O'Kelley said the task force and council have "hashed this out" and council has "not rushed to judgment." The city is trying to accommodate Mr. Barnes by closing quickly, but the parking task force, "made up of people from all over town" has vetted it, so he is "totally comfortable" with it. Councilman Murray said, "No one can answer the question of whether Mr. Barnes is comfortable paying" for repairs, taxes, and insurance. Mayor Keyserling said if Mr. Barnes isn't, "then we won't have a deal. It's that clear. That's what the contract says."

Councilman Cromer said he shares Councilman Murray's concerns. He doesn't like that this was "thrown at me at the last second." This is why he had asked about purchasing the open space only, and discussing the lease/purchase later. He would favor another council meeting next week, when they might also be able to hear more about those who had submitted their qualifications to consult on the long-term parking solution. Councilman Cromer said there's too much "last-minute uncertainty" for him to feel comfortable supporting it.

Councilman McFee said the city "did accelerate some activity on this," but he still believes it's a good site to solve short-term problems and "a good investment." It could potentially alleviate employee parking problems. He has reservations about the shifts in the instruments used to purchase the property and "concerns about ownership of the building and the insurance . . . taxes, and additional costs to us . . . (which) I would not support, obviously."

Mayor Keyserling said he doesn't like the uncertainty, either, but "this is essentially the same deal . . . the same property . . . the same gross amount of money" council has discussed for a month, "until all of a sudden, a new option comes up," when the last the city "was officially told, there were going to be townhouses" at that site, which "we encouraged and offered to swap or shift some parking spaces to make that happen."

Mayor Keyserling suggested council amend the motion so that "the lease agreement stipulates that the owner pays taxes and insurance until . . . the title is conveyed." There's been "pretty heavy lobbying in the last two days," Mayor Keyserling said, and he wished that council "had heard it earlier. I wish we had known the options earlier, but we didn't."

This is a short-term solution, Mayor Keyserling said, because there will not be an immediate long-term solution. He doesn't believe there will be a capital sales tax on the

ballot or that the city will borrow $16 million to build a parking structure. Mr. Darden had suggested the city put out an RFQ, so it could see what its options are. The mayor said he wishes the building on the property wasn't involved, and he doesn't want to compete with private property owners, "but there has been significant interest," including an offer to purchase the building, though the city is "not in a position to negotiate" that.

Over the past 60 days, they have discussed this purchase, Mayor Keyserling said, and it's always been said that the goal with respect to the building has been to get it back on the tax rolls and back into private hands as soon as possible. He believes there's a list of prospective tenants who don't currently have "space available for what they want to do." So, Mayor Keyserling said, he will vote for it: "We're into it, it's a short-term . . . solution for parking, (and) I think it is consistent with our Civic Master Plan," which designates downtown as being from Bay Street to Boundary Street, an idea Mayor Keyserling said he is fully committed to. Mr. Stewart had referred to downtown as three blocks, Mayor Keyserling said, but Mr. Stewart has invested in making it *six* blocks with his investment on Port Republic Street.

Councilman Murray said he agrees with most of what Mayor Keyserling had said about the goals of the site, but he is frustrated by "the hurried process." The only rationale for it is so the seller gets a tax benefit, which Councilman Murray can understand, but he thinks it's prudent to "slow this process down," so both parties' counsels "can hash out all of these other details" and the city can obtain costs for the repairs noted in the structural assessment and "have time for our RFQ process to work out." He thinks a review for 90 – 120 days would allow "a comprehensive review of all of these issues on the table," while hurrying it is only beneficial to the seller, who's seeking a year-end tax advantage. Council's "responsibility is to the citizens of Beaufort," not to Mr. Barnes. Mayor Keyserling said Councilman Murray "fail(s) to recognize the concessions that were made by the seller of several hundred thousand dollars as part of the arrangement that we agreed to conceptually at least 8 weeks ago." Councilman Murray said part of the delays and changes, though, "have been brought on by his side of the table." Mayor Keyserling said, "That's true, but they're processes that have not changed the deal." Councilman O'Kelley said that the appraised value of the property is substantially higher than the contract price.

Mr. Prokop said Mayor Keyserling had mentioned amending the motion to include taxes and insurance, and he suggested adding "any major repairs that are pointed out would also be the responsibility of the seller." **Mayor Keyserling passed the gavel to Councilman McFee. Mayor Keyserling made a motion to amend the lease agreement to ensure that the owner will be responsible for taxes, insurance, and major maintenance of the facility – to include the elements addressed in the structural assessment – throughout the duration of the lease, until the property is conveyed to the city at the sale. Councilman O'Kelley seconded. The motion passed 3-2,**

Councilman Murray and Councilman Cromer opposed.

Mayor Keyserling asked Councilman Murray why he didn't want to vote in favor of changing the agreement to include “the assurances you’ve asked for.” Councilman Murray said if the city were to continue contract negotiations with the seller, he’s confident those matters would be included in the agreement. Councilman Cromer said there are “just too many loose ends” for him to vote in favor of either motion. “It has nothing to do with Mr. Stewart’s property or anything else. It’s the way this whole process has been.” Councilman Murray said council is “playing fast and loose with public money, and I’m not going to be a part of that.” **The original motion passed 3-2, Councilman Murray and Councilman Cromer opposed. Mayor Keyserling resumed the gavel.**

REQUEST FROM BEAUFORT COUNTY MINISTERIAL ALLIANCE TO HOST ANNUAL MARTIN LUTHER KING PARADE

Councilman Murray made a motion, second by Councilman McFee, to approve the request for the January 18, 2016 event. Ivette Burgess said this is an annual event, and there would be no changes from past years. **The motion passed unanimously.**

ORDINANCE AUTHORIZING THE SALE OF CITY PROPERTY LOCATED AT 302 CARTERET STREET

Councilman McFee made a motion, second by Councilman Cromer, to approve the ordinance on first reading. The motion passed unanimously.

CITY MANAGER’S REPORT

Mr. Prokop said the fire department begins operating at its new station tonight. They want everyone to practice fire safety during the holiday period.

The police department has made donations from its staff and their families to enable them to give out $10 gift cards when they find people in need during the course of their work, he said.

A grant for $4975 for Southside Park will be used to purchase pet waste bags, among other things, Mr. Prokop said. It was obtained thanks to **Liza Hill** and **Deborah Johnson**.

Mr. Prokop said Public Works had tried to repair the Center Street sidewalks, but when the concrete truck pulled up, it sank into a rotten sewer pipe, so the repair won’t be finished until the first week of January.

Signs have been put up about the beginning of the Boundary Street project. They plan to remove shrubbery and trees around the old KFC and the Butler car dealership; it will be used at Southside Park, Mr. Prokop said.

City Hall closes at noon tomorrow and will reopen on December 28.

A request for bids for construction of the sidewalks on Southside Boulevard from Ribaut Road to Battery Creek will go out after January 1, Mr. Prokop said, and the RFP went out today for the transient dock. They're still waiting to hear from SCDOT about the Allison Road project, and public notification will be made by the state in regard to the new day dock application.

MAYOR'S REPORT

Mayor Keyserling said there has been concern about the Baptist church's plans to improve their children's park. It's an open lot that goes through to New Street between Prince and Duke Streets. They took out a dead tree and put in irrigation, but the plans don't include the playground. He said the city's planning department is reviewing the church's plans, and if there are structural improvements, they will have to be approved. The church's pastor has been talking to their neighbors.

Emails are continuing to come in about short-term rentals, Mayor Keyserling said, so council will have another work session about that.

REPORTS BY COUNCIL MEMBERS

Councilman O'Kelley said recycling seems to be on-course, unlike at first. He wished everyone a happy Hanukkah and a merry Christmas.

Councilman Cromer also wished happy holidays for everyone. He said clear and brown glass are now being collected for recycling; Mayor Keyserling said this is "thanks to **Linda Roper**, who had found it in the contract."

Mayor Keyserling said for the record that "Mr. Stewart's suggestion that I lobbied" the parking task force "is totally erroneous and personal and wrong." Also, Mr. Stewart had made reference to Charleston's mayor, **John Tecklenburg**, owning one of the four firms that had responded to the city's RFQ. He has been a friend for 40 years, Mayor Keyserling said, and he has a real estate license, but has been on a leave of absence for almost a year, and has probably pulled his license from the firm he was with. Mayor Keyserling said he does not recall ever meeting the developer Mr. Tecklenburg worked for, nor has he had any conversations about the parking garage with Mr. Tecklenburg. The only people Mayor Keyserling talks to in Charleston about parking, he said, are **Billy Barnwell**, whom he met when Mr. Barnwell came with Mr. Darden to a meeting at City Hall about parking, and **Chip Limehouse**, "a former state representative I served with who's in the parking business."

Mr. Cargile asked to address the matter of Mr. Stewart's comments about parking, the Bank of America lot, etc. Mr. Cargile said that when he first met with Mayor Keyserling about the parking task force, he had asked why the mayor was talking to him about

heading it up, especially because he lives on Lady's Island. Mayor Keyserling said that Mr. Cargile was qualified and "didn't have a dog in the fight." Mr. Cargile stressed again that the task force's recommendations were derived from an independent process that was handled exactly as he would have hoped it would be. He "never had the slightest indication of anyone influencing" him. He added that he was "offended" that Mr. Stewart had implied that the task force was comprised of "amateurs."

There being no further business to come before council, **Councilman O'Kelley made a motion, second by Councilman Cromer, to adjourn the meeting. The motion passed unanimously**, and council was adjourned at 8:29 p.m.

RICHARD H. STEWART
2015 Boundary Street, Suite 300
Beaufort, SC 29902

December 22, 2015

Honorable Billy Keyserling, Mayor
Mr. Phil Cromer, Councilmember
Mr. Mike McFee, Councilmember
Mr. Stephen Murray, Councilmember
Mr. George O'Kelley, Councilmember
CITY OF BEAUFORT By hand

RE: Downtown parking and economic development

Dear Mayor and Councilmembers:

Thank you for your service to the community. Our democratic system relies upon your representation of the interests of the community. Thank you for this opportunity to present some information that should help you evaluate the vote you are being asked to cast tonight regarding the purchase of property on Carteret Street. Just to be clear, I am not opposed to the purchase, **If and only if**, the City has other funds in hand to solve the downtown parking shortfall.

Downtown Parking. The Carteret site will not provide parking that will help downtown businesses. This is not just my opinion; this is the opinion of three separate experts in the

development, planning and implementing of parking in multiple cities. Timothy Haas Consultants and the Lawrence Group both rejected this site because it is too far from the main shopping district. Structured Parking Solutions, a specialty firm currently building parking in Charleston, Augusta and other cities has also said parking at the Carteret location won't help downtown. The single recommendation for the site is from a volunteer group with no particular expertise in parking facilities. Their recommendation came only after being lobbied by the Mayor. It's interesting that no skepticism has surfaced about how a group of volunteers could reach a different conclusion than the professionals. Since I started investing in real estate, I have learned to value the opinion of experienced professionals over well-meaning but inexperienced volunteers. I humbly recommend you will benefit from doing the same.
So tonight, you may choose to ignore the professional recommendations and your own Civic Master Plan. You may decide to spend taxpayer funds on a site that three studies have failed to recommend. If you don't have excess funds, then this decision should be tabled.

Parking Advisor: Just this past Friday, four different parties submitted proposals to the City's Request for Qualifications to be your parking advisors. It seems obvious that you would want their input before you spend money for parking. Oddly, the RFQ does not include a timeline or milestones, which is unusual. It's impossible to know how or when the City will make a decision. However, since one of the firms that submitted a proposal is owned by newly elected Charleston

Mayor John Tecklenberg, the public might be concerned that this will be another closed door selection process like the one used to spend over $1,000,000 with The Lawrence Group. If the process is not another example of cronyism and the City really plans to select an advisor based on experience and expertise, then you will want to hear their recommendation. This decision should be tabled!

Funding: The City has been telling the downtown business community for years that the City cannot afford to fund downtown parking. In fact, your just opened RFQ asks for recommendations for funding. If the City has somehow found the funds to implement your plan, then that's great news. If not, then this purchase should be tabled!

Some of the other reasons used to justify the proposed purchase:

Expanding Downtown. The City's own Civic Master Plan included analysis from a retail consultant. He told you that sales revenues and income downtown is not sufficient to maintain the businesses and buildings. Simply trying to expand downtown without first strengthening business simply weakens an already weak downtown. Your Civic Master Plan calls for residential infill over commercial as a way to strengthen downtown. I can tell you from experience that residents won't live where they cannot park. Buyers will not walk three blocks to park. You don't have to believe me. You can simply ask Graham Trask if he will build his proposed building on West Street without nearby parking. Why are you abandoning your own Civic Master Plan and weakening the downtown area by

pursue a pipedream of expansion? This decision must be tabled.

Business Incubator: Using the Carteret Street property as a business incubator has been suggested. A successful business incubator requires more than just office space. If you want to have an office business incubator, you don't need to buy property. Just put your incubator in the vacant space in this building. If you want an industrial incubator, put in in the vacant industrial park you already own. There is absolutely no way a business incubator will justify the investment of funds in the Carteret Street property. This decision should be tabled.

Tour and Transportation Hub. It has been suggested that the Carteret Street site might one day be used as a hub for tour and transportation. One day perhaps, if and only if downtown is thriving. Sure, the City can force the tour operators to move to Carteret Street. The City can make it the only place tour buses can stop. However, if you think the bus passengers will walk from Carteret Street to Bay Street, or that downtown shoppers will extend their trip by several blocks to take a tour you are wrong. The carriage tours will suffer reduced revenues. The buses will find another place to drop their passengers or they will simply skip Beaufort as a stop on their tours. That will mean those potential travelers won't know about Beaufort, and won't come back to visit, shop, dine and tour. This will mean reduced revenues to the City from sales of food (2% hospitality tax) and tour licenses as well as other taxes and fees. It will weaken downtown. This decision should be tabled.

Planning versus speculation: Some are trying to justify the Carteret purchase by saying that it can always be sold in the

future. Let's look at recent history. The public was told the former City Hall (now LowCountry Produce) would be sold for $2,000,000. The public was told those proceeds would be used to pay down the debt on the new City Hall. That didn't happen. In fact the current sales price for the former City Hall, is a small fraction of the projected $2,000,000 sale price. Then there is the Industrial Park: As some of you may know, I was named by Governor Hodges as Economic Development Ambassador for Beaufort County. I was named by Governor Sanford as Economic Development Ambassador for Jasper County, and I was named a Home Grown Champion by the SC Department of Commerce. I Chaired the County's Economic Development Committee and I Chaired the Board of the LowCountry Economic Network. I supported the City purchase of the Industrial Park because I believed the City had a plan to make that investment work for the community. I was wrong. A plan is still being developed and the park sits vacant as it has for years. No need to say more, except to say that based on recent experience with the former City Hall and the Industrial Park, you should be very cautious about speculating on Carteret Street property with taxpayer funds. You don't need another failure. There is a reason the private sector has not bought that site. This decision should be tabled!

You are voting for a tax increase. The potential sources for funds to create downtown parking include: higher parking fees; increased or specialized property taxes; Tax Increment Financing (TIF) and a potential 1 cent capital project sales tax. The vote you take tonight is a vote to increase taxes, increase

fees or some combination of the two. This decision and the tax increase it calls for should be tabled!

1 cent capital projects sales tax. If you are relying on a potential 2016 1 cent sales tax referendum, let's look at the 2014 parking project proposal the City submitted for the 1 cetn sales tax referendum. The City proposed over $5,000,000 in taxpayer funds to build buildings to compete with the private businesses that you were elected to represent. That proposal was dead on arrival. It is foolish and reckless to rely on something that does not exist and may not pass even if it is placed on the ballot. This decision should be tabled!

Downtown Commitment (public and private):

Private - On a personal note, we as a private family have been committed to downtown for almost two decades. We strive to view the City as a reliable partner committed to the future of Downtown Beaufort. Some of the things we have done include:

- Creating and funding the Arts in the Park program which brought large numbers of people to free events in Waterfront Park for many years.
- Renovating and restoring the Saltus building after 25 years of vacancy.
- Writing the grant and providing $7500 in matching funds to bring new trash containers and benches to the downtown area.,
- Providing $4,500 to pay City consultant Timothy Haas to draw a parking structure at the request of Main Street Beaufort.

- Acquiring and building a quality event center to attract people to downtown Beaufort.
- We have sponsored numerous organizations and events including the Notes Event being held January 9th and the Harlem Renaissance on January 30.

Recently we have:

- Reached out to the City to discuss how the City's plans for downtown parking plans will influence our business.
- We have offered to sell the parking site recommended by the city parking consultant Timothy Haas at market value.

We have received no response on either of these overtures so we like every other downtown property owner and business remain at risk if the City continues to abandon its commitment to downtown Beaufort. This decision should be tabled.

Public Commitment: These include:

- The Port Republic Streetscape project over ten years ago.
- The renovation of Waterfront Park several years ago.
- The inclusion of downtown in the Civic Mater Plan.

Public withdrawal of commitment: These include:

- Publicly and repeatedly stating that downtown is a money loser for the City.
- Proposing a wildly unpopular reuse of the Marina Parking lot area.
- Cancelling funding to Main Street Beaufort.
- Proposing to purchase the Carteret site rather than follow the City's own plan to encourage residential infill in downtown Beaufort.

This decision to should be tabled!

Accountability: I have heard from some people, that some of you elected officials have told people that the reason you want to buy this site is because I am difficult to deal with. That's just silly! I have been part of hundreds of business deals in my career. I want to be sure that the public record reflects that we have offered to sell property already identified by your consultants at the market value. Is that being difficult? Am I supposed to sell property for less than market value? If you proceed without solving the downtown parking issue and instead spend limited funds in speculation on Carteret Street then the failure, the credit and the blame is solely yours. This decision should be tabled!

Finally, I ask you to consider that for years, we and other private property owners have announced our plans to develop our property. As this happens, parking lots will have buildings and more parking will be needed. On the flip side, if you continue to withdraw your commitment to downtown and fail to address the parking shortfall, customer numbers will decline, assessed values will fall and buildings will deteriorate. Perhaps by that time, the waterfront in Port Royal will become the most desired specialty retail space in northern Beaufort County and downtown Beaufort will never recover.

So, to close, I respectfully request that you take the following steps.

1. Table this decision!

2. Ask the downtown property owners if they believe the parking they need can be located on Carteret Street, far away from downtown.
3. Explain how you actually plan to provide a solution to downtown parking.
4. Recommit to downtown Beaufort and work with the private sector to make downtown stronger and more vibrant just as called for in the City's Civic Master Plan.

Thank you.

Sincerely,

Richard H. Stewart