

A work session of the Beaufort City Council was held on December 15, 2015 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Mike McFee, George O’Kelley, Stephen Murray, Phil Cromer 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.

CALL TO ORDER

Mayor Keyserling called the work session to order at 5:00 p.m.

EXECUTIVE SESSION

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilman O’Kelley made a motion, seconded by Councilman McFee, to enter into Executive Session for receipt of legal advice on the sale of property and other matters covered by attorney-client privilege. The motion passed unanimously.**

Councilman O’Kelley made a motion, second by Councilman McFee, to adjourn the Executive Session and resume the work session. The motion passed unanimously. Mayor Keyserling said there was nothing to report.

PRESENTATION: FY 2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Kathy Todd, CFO, introduced Mauldin & Jenkins, LLC representatives **David Irwin** and **Grant Davis**. Ms. Todd said she had invited the auditors’ representatives to explain a change in reporting in a section of the CAFR (the city’s comprehensive annual financial report) to council and the public. She gave out an overview of the external audit report, and said a copy of the CAFR would be available to the public on the city’s website the following day. She described what is in each of the five sections of the CAFR.

Ms. Todd said Mr. Irwin would explain the implementation of GASB 68 – the auditing standard “financial accounting and reporting for pensions” – which “has had a significant impact on the government-wide financial statement.” Briefly, Ms. Todd said, GASB 68 “says we have to report our pension liability – even though our pension is held (and controlled) by state retirement” and “show our . . . portion on our balance sheet as a liability.” She said the summary shows a decrease of “net position” of \$9,887,000.

Mr. Irwin said the net pension liability of \$11.5 million on the city’s balance sheet this year stands out in comparison to 2014, and it is a result of GASB 6871. The pronouncements were implemented during the first part of FY15 (fiscal year 2015), he said, and require that the city record its portion of its debt pension liability on its books for the first time. In the past, the city has recorded South Carolina and police officer retirement contributions on a monthly basis, but the liability needs to be on the books now, Mr. Irwin said. This pronouncement was implemented retroactively. They determined what the liability would have been as of June 30, 2014, “and that portion was backed out of ending net position.”

The net pension liability section is eight pages long and is a requirement of GASB 68, Mr. Irwin said. There is a lot of frustration about GASB 68, he said; “this is a liability that you are now required to have reported on your financial statement, (but) it’s a liability you really can’t control . . . it really depends on how the market does.” Mr. Irwin went on to say that “this doesn’t hit your General Fund,” nor is it recorded there. “Overall, the city has a positive net position,” he said, but it appears to have a \$3.5 million deficit, solely as a result of GASB 68.

Mr. Irwin said they were aware GASB 68 would “cause some ripple effects,” so they kept a database of its effects on their clients from the beginning. He described how this pronouncement had affected the net positions of the City of Beaufort and other clients of theirs. Ms. Todd said the standard has to be implemented in order for the auditors to issue an unmodified opinion; it doesn’t affect the General Fund, and it doesn’t affect the city’s rating, as the rating agencies are “not even paying attention to this standard when it comes to evaluating your fiscal position.”

Mr. Irwin said “nothing will change as far as what (the city) has done” in regard to pensions; hopefully, it will reduce liability over a 30-year period. There have been no audit findings, he said, in the four years they have audited the City of Beaufort, which he said is remarkable; 80% of their other 300 government auditing clients have audit findings. He complimented Ms. Todd and her staff for their hard work.

Mayor Keyserling summarized that “the bottom line is that a group of auditors who basically set a standard . . . changed the standard this year,” so “a non-real liability has to be posted as a liability” on the city’s books. Ms. Todd said the county, Beaufort, Bluffton, and “every local government in the country that is required to follow governmental accounting standards in order to receive an unmodified opinion,” will experience the same effect. The bond for the City of Beaufort rating is “AA,” she said in reply to a question from the public.

Ms. Todd described the rest of the summary of the CAFR. On the General Fund side, “we decreased fund balance by \$602,000; however, that’s \$740,000 less than we had planned for in our FY15 budget.” There were “some increased revenues and some expenditures that together . . . reduced what we had planned to dip into fund balance (for).”

DISCUSSION: SHORT-TERM RENTALS

Mayor Keyserling said there are concerns that the process for short-term rentals is not well enough defined, or that the Zoning Board of Appeals hasn’t had enough criteria to determine if a special exception should be given for a short-term rental. Others are concerned about the proliferation of short-term rentals or where they are concentrated. The Old Commons neighborhood had given council a petition for a moratorium on short-term rentals, Mayor Keyserling said; council hasn’t acted on that. He suggested that this work session should be a “listening session” for those who have come from the public to speak.

Pete Palmer, 1401 North Street, said short-term rental is “more appropriately described as ‘weekend rental,’” and this business brings in “a whole different kind of person.” The city’s neighborhoods are different from one another, and most homes are owner-occupied or renter-occupied. Should there be one rule about short-term rental for all 19 neighborhoods, or should they recognize that they are all different? he asked. A neighborhood should be comprised of people who know, care, and worry about each other, Mr. Palmer feels, but that doesn’t happen when there are short-term rentals in a neighborhood. “Is there a juncture at which we have too many short-term rentals?” he asked. 80% of the residents of The Bluff have expressed their desire not to have any more short-term rentals there.

Charlie Calvert said he owns a short-term rental in The Bluff. He doesn’t think the current one-size fits all policy is a good idea for short-term rentals. People are allowed to operate businesses in their homes, and long-term rentals “that are not in the best repair” are also allowed, Mr. Calvert said. Some homes that were in disrepair for a long time were bought and improved when they were made into short-term rentals, and that “improved the area.” The larger issue to be looked at, he feels, includes “the character of how some of these neighborhoods are being kept up . . . a look at long-term rentals” and their upkeep, and “possibly long-term rental inspection.” Mr. Calvert has compiled some information for council (e.g., the average rates short-term rentals charge and the revenue generated for the city) that he said he would provide.

“We do want tourism . . . and infill in Beaufort . . . but we also have to look at” enabling people who own property and are paying taxes to afford to do so, Mr. Calvert said. He also has a short-term rental on Scott Street, which is zoned Neighborhood Commercial, and it’s always done “very well since 2007.” He is putting a short-term rental on a lot on Meridian Road that he has not been able to sell, and at the Zoning Board of Appeals meeting, someone who came from that neighborhood to object to a short-term rental there has a home office that people come to, and another has two home business licenses. Mr. Calvert thinks isn’t fair: If the city allows people to have businesses in their houses, then they can’t disallow other people who want to “make money with their property,” he said. There are only 30 short-term rentals licensed in the city, Mr. Calvert said; those who are found to be running short-term rentals without a business license should be banned from ever having short-term rentals. He concluded that a “holistic approach” needs to be taken.

Maxine Lutz is concerned about the proliferation of short-term rentals in the Historic District and in her neighborhood, the Old Commons, which is “pretty small.” She wants council to consider the impact of short-term rentals “on fragile neighborhoods.” Her block has 8 or 9 residences, and half of them are second homes or short-term rentals, Ms. Lutz said. Only 2 have residents in them year-round, which “just doesn't feel right.” In the Beaufort Code, the planning staff has proposed different short-term rental policies in the Old Commons and The Point.

Councilman Murray asked if Historic Beaufort Foundation had taken a position on short-term rentals, and Ms. Lutz said they have not. Mayor Keyserling asked if there has been a survey of how other cities’ historic districts’ have handled short-term rentals. She said no, but she had

heard about the issue at a conference, and “everybody’s grappling with it everywhere.” She said the preservation director in New Orleans had said, “We’ve lost the battle. I have no more neighbors.”

Mayor Keyserling said he had learned from an attorney he had met of limiting short-term rentals by concentration; in a larger city, there was an ordinance that limited them “per census block.” Councilman Cromer said he had looked at how New Orleans had dealt with rentals; their ordinance prohibits renting residences “to anyone for less than 60 days in the French Quarter or less than 30 days elsewhere in the city.” Councilman O’Kelley said in Augusta, for the week of the Masters tournament, many people leave town and rent their places out for huge amounts of money. He said he doesn’t know if they have business licenses for that.

Donna Armor, 905 Duke Street in the Old Commons, said she would like to know if there are consistent procedures in place for short-term rentals. Airbnb is not regulated, and “there could be a lot of that going on.” She said she would rather have a permanent resident with a home-based business as a neighbor than a short-term rental. Ms. Armor said she wants to know “what the procedures are” for short-term rentals. The Old Commons is “seeing a lot of it come into (their) area.” Mayor Keyserling asked Ms. Armor if she had read the ordinance for short-term rentals; she replied that she hadn’t and asked him how to find it.

Ms. Armor said the Zoning Board of Appeals seemed *not* to give approval to special exceptions if there were complaints from neighbors and to give them if there were no complaints. Mayor Keyserling said council has “been hearing there’s a little bit of arbitrariness” in this regard. Short-term rentals are “legal, by right, in commercial zoning.” The short-term rental ordinance has been in place for non-commercial zoning for four years, he said; before it was created, there was no regulation. There is concern “even by some members of the Zoning Board of Appeals” who are charged with understanding the special exception, Mayor Keyserling said. Ms. Armor said some neighborhoods “don’t have (an) active community,” and their residents may not be aware that short-term rentals are happening there. Councilman McFee explained how the neighbors are notified about each special exception application and when a short-term rental has been approved.

Alice Washington, 902 Washington Street, said she’s “adamantly opposed to short-term rentals” in her neighborhood because “neighbors stick together.” The Old Commons neighborhood association is active, she said. “People who live outside the area are not familiar with the culture in the neighborhood,” and in some districts, she is seeing “a proliferation of short-term rentals, like in the Old Commons,” where she is always “afraid that a house that’s being sold is going to be turned into a short-term rental.” Ms. Washington said “council doesn’t have any specific guidelines.” She asked why there were no short-term rentals allowed in The Point. Mayor Keyserling explained that the residents of The Point strongly opposed short-term rentals there when council was considering the ordinance, so “council exempted them,” and any other groups have the right to do the same. Ms. Washington said in her neighborhood, with “people coming in and out” and “strangers . . . you get very suspicious. You’re afraid to leave

your home sometimes.” She wants the “camaraderie” of an owner-occupied neighborhood “where everybody knows each other.”

Josh Gibson 709 Duke Street, said “some people in certain neighborhoods don’t have an appeals process, and some people *are* allowed access to that appeals process,” which he feels raises “some serious Constitutional questions. I would think about whether that is even legal at all.” He feels some people don’t have access to the Zoning Board of Appeals “based on where they live within the city . . . which seems an unusual solution to the problem.” Also, a lot of the anxiety about short-term rentals comes from uncertainty, Mr. Gibson said, and from problems people imagine they might have with short-term rentals in their neighborhood, not from problems that people have actually had. Bad neighbors can be owners, long-term rentals, or short-term rentals. Mr. Gibson feels council should only focus on “the short-term thing,” not focus on “*all* neighbors,” because there are long-term renters and homeowners who don’t do a great job keeping up their homes. Also, if an owner obtains a special exception, he said, and they have short-term renters there who cause problems, the neighbors should be able to go to the Zoning Board of Appeals to have the special exception reviewed. There should be a solution when there’s a problem, he concluded.

Mr. Palmer explained that there is a review process over the course of a year. Mr. Gibson said that that has a terminal point, and he thinks there should be a way to report problems that occur after a year. He thinks that there is “clearly not a great system now” for obtaining a special exception, as it depends on whether “people appear at the ZBOA meeting.”

Libby Anderson said neighbors could contact the police with a noise complaint, but in the notification letter, city staff asks that they contact the city, too, so the city can keep track of complaints, as well as the police. Mayor Keyserling asked Ms. Anderson what the complaints are that have been made against the city’s 30 short-term rentals; Ms. Anderson said she personally knows of no complaints. Ms. Lutz said on North Street in The Point, there’s a short-term rental (that Councilman McFee said is by-right and not a special exception), and she has heard that house’s neighbors complain about noise. Mayor Keyserling said, “If there’s stuff happening out there,” they need a mechanism to allow a qualitative review “beyond just the anecdotal” evidence.

Mr. Palmer said “the common point” of concern by the four people who had spoken is “the destruction of the neighborhood” by short-term rentals, because “the fabric of a neighborhood” is that its residents care about one another. **Edie Rodgers** said she’s “still opposed” to short-term rentals, which she “constantly opposed” four years ago. “A real activist” in The Point had gotten a petition signed by the residents there, and that’s how they were exempted from the ordinance, she said, “which some of us felt wasn’t quite fair” because not all neighborhoods lend themselves to that like The Point does. Ms. Rodgers feels that someone might live more than 200’ from a short-term rental but still experience the impact of its being there, yet they would not be notified about the special exception application that allowed it. In a neighborhood like Spanish Point, which has large houses, there could be “five or six extra cars coming . . . into your neighborhood, and the idea is to party,” Ms. Rodgers said.

She said she doesn't know of any special exceptions that were denied prior to "some neighbors (being) aware of it and (going) to complain" at the Zoning Board of Appeals meeting.

Mr. Calvert said within 60' of his home in the Old Commons were four vacant homes on Scott Street, two of them dilapidated, when he bought his short-term rental. Now people live in them, "and they're saying, 'You can't do your short-term rental.'" Mr. Calvert said it's unfair that now the neighbors want to end short-term rentals because they want permanent neighbors, when "no one wanted to make an investment on that part of Scott Street" when he did. He made an investment in the Old Commons, and the vacant homes that are being redone "should have been cleaned up before I made my investment," he feels. Mr. Calvert said he has "invested a lot of money" and paid a lot in taxes, so he thinks this attitude about short-term rentals is "unfair."

Jeremiah Smith, 1107 West Street, said he likes having neighbors, too, but "I have five vacant buildings around me," one neighbor, and an empty lot, so he would like to see the vacant and dilapidated houses around him taken care of and have people in them, "even if they only stay for the weekend."

Ms. Lutz said the form-based code's proposal for short-term rentals would allow owners who apply for the Bailey Bill and restore a vacant home to be eligible to make it a short-term rental: "That gets the dilapidated homes restored and gets people in them." Mr. Gibson said he thinks "the Bailey Bill exception . . . is a fantastic idea," and he suggested that the proposal should also be applied to vacant lots as well as to the renovation of historic properties.

Robb Wells said the Chamber of Commerce has no position on short-term rentals. "Airbnb now controls more rooms under its reservation than any other flagship properties in the world," he said, calling it "a disrupter. It's Uber, except for the hotel industry." The answer, he believes, is to "regulate and set up ordinances," so various agencies are working with Airbnb to "draft legislation that will help resolve some of these issues." Among those in attendance at the work session, Mr. Wells asked for a show of hands of those who had visited Beaufort and stayed in short-term rentals before they moved here.

Ms. Armor said she thinks this issue has come up because it's "an opportunity." Councilman Murray asked Ms. Anderson how difficult it would be to find out how many of the existing short-term rentals were vacant homes that then were renovated. Ms. Anderson said that information on those properties that have been through the city's special exception process would be easy to obtain. Councilman Murray said he's specifically interested in "houses that were vacant and abandoned for some length of time (and) dilapidated" that were invested in and then made into short-term rentals. Mayor Keyserling and Councilman McFee said that information would be easy to obtain.

There being no further business to come before council, the work session was adjourned at 7:00 p.m.

A regular meeting of the Beaufort City Council was held on December 15, 2015 at 7:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, council members Mike McFee, George O'Kelley, Stephen Murray, Phil Cromer 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.

CALL TO ORDER

Mayor Keyserling called the regular meeting to order at 7:08 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Pro Tem McFee led the invocation and the Pledge of Allegiance.

Councilman O'Kelley made a motion to amend item 8 of the agenda. Due to exigent circumstances and the seller of the property at 500 Carteret Street needing to close in 2015, if the ordinance authorizing the city manager to enter into a contract of sale for its purchase passes on first reading, there will be a special council meeting December 22 to enable a second reading. **Councilman McFee seconded the motion. The motion passed unanimously.**

RESOLUTION COMMENDING ERICA DICKERSON FOR HER SERVICE ON THE HISTORIC DISTRICT REVIEW BOARD

Councilman McFee made a motion, second by Councilman Murray, to approve the resolution. The motion passed unanimously. Councilman McFee read the commendation, and Mayor Keyserling presented it to Ms. Dickerson.

RESOLUTION COMMENDING ERIC POWELL FOR HIS SERVICE ON THE ZONING BOARD OF APPEALS

Councilman Murray made a motion, second by Councilman McFee, to approve the resolution. Councilman McFee read the commendation, and Mayor Keyserling presented it to Mr. Powell. **The motion passed unanimously.**

RESOLUTION COMMENDING BRAD HILL FOR HIS SERVICE ON THE ZONING BOARD OF APPEALS

Councilman McFee made a motion, second by Councilman O'Kelley, to approve the resolution. The motion passed unanimously. Councilman McFee read the commendation, and Mayor Keyserling presented it to Mr. Hill, who complimented Ms. Anderson and all of the city's planning staff.

PUBLIC COMMENT

Ms. Rodgers said to staff and council that the Christmas tree in the window of the city hall is lovely as one comes down Ribaut Road.

MINUTES

Councilman McFee made a motion, second by Councilman Murray, to approve the minutes of the work session and regular meeting November 24, 2015. Councilman Cromer abstained from voting because he was not present at the meeting. **The motion to approve the minutes as submitted passed 4-0.**

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

Councilman McFee made a motion, second by Councilman O’Kelley, to approve the ordinance on first reading. Mr. Prokop said parking and economic development are the main issues facing the city. The parking task force made five major recommendations and four of the five have been addressed: looking at this property for parking while the parking garage is studied was one of their recommendations. The RFQs about the parking garage are due this Friday. If one is built, this location may not be needed by the city, Mr. Prokop said, and it could be put back on the market for future development. This location will give the city 50 to 91 parking places and enable parking for downtown employees who currently use prime downtown parking or park in The Point. Acquiring this property for parking and reconfiguring the marina parking lot will help until longer-term solutions are found.

This is a prime location with access to four streets, Mr. Prokop said. It’s one of the largest parcels downtown. The office building has been well-maintained; a structural inspection has been done, it has a nearly new roof, and there is “nothing structurally wrong” with it. There are 16,000 square feet of rentable space in the building, he said, and 6000 square feet are currently occupied. The purchase price is 24% below the current appraisal that was done by a certified appraiser, Mr. Prokop said. It is being financed by the seller, and the interest rate is “well below the normal, commercial municipal rates.” He said the city anticipates paying for this property through “the sale of other city properties currently on the market, funds from our land and redevelopment accounts, and from the parking fund.” This will not affect the General Fund or taxpayers, Mr. Prokop said.

Financial plans and implementation are based conservatively on leasing 40% of the space the first year, 50% the second year, and 75% the third year, “and thereafter at competitive rates,” Mr. Prokop said. This will produce revenues, as will the parking revenue from the spaces that are created. There is interest from developers and investors, he said, and the Redevelopment Commission will continue to follow up on that. An implementation plan has been drawn up, and **Linda Roper, Lamar Taylor, Alice Wallace** will be given tasks, for example.

The building will provide the city with office space to attract new business to further economic development goals, Mr. Prokop said. It will be an investment in the city’s infrastructure and the community’s needs. The project is in concert with the city’s master plan and with the Redevelopment Commission’s goals. While it takes property off the tax rolls, “and gives the city another building to maintain,” Mr. Prokop said, “these costs have been calculated in our financial plan.” The property the city is currently selling, though, will mean it is being put back on the tax rolls. If the properties for sale are sold at their minimum price, including the sale of

the Lowcountry Produce building, “this will be a wash” in terms of properties coming on and going off of the tax rolls. He reiterated that they had negotiated a price that is “a little more than 24% lower than the current appraised price.”

Mayor Keyserling showed the current plat, where the building is, and where the parking would go. He said a “balance sheet of what goes off and what comes on” to the tax rolls should be kept. The community will be better able to see the benefits of redevelopment through this, and through what is happening on the Redevelopment Commission and Boundary Street. Mr. Prokop said, “This could become a transportation center. It doesn't have to just be parking.” They are looking at it long-term, too; even if they want to sell it, they could put 10 building lots on it, so “the city’s investment and risk seem minimized.”

Councilman Murray said as properties develop downtown, the parking problem will grow. They need a parking structure, he believes, but having talked about it for a few years, they know that will cost \$12–\$15 million, and the demand may not yet be there “to make that kind of facility work,” so this is a good option until they “can figure out structured parking.” Mayor Keyserling said the city manager had tried to only purchase the space for parking, but the seller wasn’t amenable. Councilman Murray said if they build a parking garage, they will need offset parking during its construction.

Councilman McFee said he has concerns about taking properties off the tax rolls, but this is a good stop gap measure and the appropriate thing to do. Councilman O’Kelley complimented the parking task force and its subcommittees and said this idea came after six months of study. Councilman Cromer said he’s philosophically opposed to taking property off the tax rolls, but this situation presents the city with a “compelling interest” to follow through with it, and it’s “a wise investment for the city at this point in time.”

Mayor Keyserling said the library had offered “interest and support” for this property acquisition because there is insufficient parking in its lot. The owner of the business with the most employees downtown has said he would split the cost of parking with his employees if there were safe parking for them other than on Bay Street. This lot also allows visitors to park a block from the visitors’ center at an all-day rate and not have to worry about meters. All of these things would keep the lot filled, Mayor Keyserling said. Also, the focus has been on seeing downtown as more than 2 or 3 blocks. The more people walk up Scott, West, and Carteret Streets, the more they will see of downtown, including where the most capital investment has been, which is on Carteret Street. In addition, the First African Baptist Church has lost its parking, Mayor Keyserling said, because residential lots are being developed there, so they may be able to use this parking when it is free on Sundays.

Ms. Lutz said she thinks this would be a great opportunity to undo damage that was done when all the historic houses on that block were torn down, and “this intrusion into the Old Commons neighborhood” occurred. The city can landscape and provide a buffer on the residential sides, and the new houses on the Baptist church properties would appreciate a buffer, too. Ms. Lutz cautioned council to keep the neighborhood in mind while this development is done. Mayor

Keyserling said council had passed “a pretty tight parking lot ordinance in terms of landscaping,” and the city needs to follow that. Ms. Lutz said downtown employees now park on West Street in the Old Commons, which can be dangerous, and this could help alleviate that.

Councilman Murray asked Ms. Lutz if the Bank of America building had received a redevelopment award from Historic Beaufort Foundation when it was renovated in the 1980s. Councilman O’Kelley said it was a car dealership before that, and he thinks that it did get an award. Ms. Lutz said, “I can’t speak to what was done in the ‘80s.”

Ms. Rodgers said this “sounds like quite an undertaking for parking spaces.” She feels finding tenants for that much square footage when the municipal buildings have so much available space is a concern. She asked if there would be leased parking spaces available for employers/employees, or if they would all have meters. Mayor Keyserling said there are “a couple of prospective new construction projects that are dependent on” the builders having parking for their tenants. Infilling the random lots downtown “is a long-term goal.”

Ms. Rodgers asked why a private enterprise isn’t doing this project instead of the city. She finds government competing with the private sector “bothersome.” She also asked if they would disclose the appraised value and the purchase price. Mayor Keyserling said the contract will be a public document at some point, but when the contract is being negotiated, they don’t want to put the seller in an awkward position, if for some reason the city didn’t buy the property. Councilman McFee said the selling price was publically listed as \$1.6 million. Ms. Rodgers clarified that the appraised value is higher than that.

Mayor Keyserling said that the city would prefer not to have the building, but the property has been on the market for “at least 3 years and has not sold.” Ms. Rodgers said debt service is being paid on tenantless spaces now in the municipal buildings. Mayor Keyserling said the county has been in negotiations with the city about leasing space “for years,” but it’s not happened. The city would prefer not to compete with the private sector, he added.

Councilman McFee asked Ms. Rodgers if she recalled when the city did an RFP for the old city hall, and they weren’t able to sell it, but they had put a tenant in there, which some people didn’t approve of. “Like that, we see this as an opportunity,” he said. There are risks, and as a realtor, he sees that, but there are “huge benefits” and “some cost-effectiveness.” Ms. Rodgers said whoever owns the property, it’s better to have a landlord-tenant situation than to leave it vacant.

John Dickerson, Charles Street, said from an economic development standpoint, they have made excellent points. It puts the city “in a position to move forward with bringing small businesses in and making them viable.” He cited the Don Ryan Center in Bluffton, where the space was provided by an investor. In Charleston, they began with a very small area – 2,000–3,000 square feet – that has “grown to over 65,000 square feet of economic development opportunities,” and “gone from hundreds of thousands to millions of dollars in economic growth based on the same type of activity.” These little offices will be a boon to those

businesses that just need a little real estate, Mr. Dickerson said.

David Cargile talked about how the parking task force had come up with its recommendations. He said employee parking was determined to be a problem, but they couldn't just tell employees not to park on Bay Street without giving them an alternative. The Bank of America building owner was "very, very willing to work with the city" to aid the city's development. Mr. Cargile said there are industry standards for the value of parking spaces to businesses, and \$37.50/hour is the standard. If they create 50 employee parking spaces and 25 for visitors in the Bank of America lot, at that rate per hour for 300 days a year, the value to the merchants on Bay Street is more than \$500,000. If the marina is redone to create spaces for 50 employees, he said, parking would be stabilized until there's a parking garage. The city also will own a space that might become the location on which the parking garage is built. Mr. Cargile said sometimes the government has to jumpstart the community, and he thinks if they do this, businesses will want to be there.

Tony Royal displayed some numbers on the overhead projector to show "what's happened since 1998" with parking space loss. There has been a 25% loss from 1998 to 2015 in parking lots, and in private spaces, over which the city has no control, there was a loss of 65 spaces in that same period of time. On-street parking has stayed "relatively flat," but there's been a total loss of 145 spaces. Without parking spaces, Mr. Royal said, "You cannot have a vibrant downtown." Beaufort's core commercial area is doing much better now, he said, so this is needed. Mr. Cargile added that, in the parking task force's survey, 68.7% said "difficulty finding parking" is what stops them from coming downtown.

Mr. Palmer said this is the first time Beaufort has tried to "reverse this trend of loss" of parking, which he didn't believe was an issue until he served on the parking task force. He sees this as economic development, and as an opportunity to have employee parking and more parking for others.

Alan Dechovitz, 401 Battery Chase, said he supports additional surface parking downtown. "These are economical parking spaces," he feels, but he's concerned that "you're talking about the 16,000 square feet as if it will not be occupied by people" who will be parking in those spaces, he said, "so the true yield to downtown" will be fewer than 75 parking spaces, and he wanted to make sure that was considered.

Mr. Dechovitz said he had put a developer in touch with the city who has evaluated the space and can use the 10,000 square feet available, but whether or not a developer is successful, Mr. Dechovitz is most concerned with the city's success. He found the city's press release confusing in regard to how the space would be used, and he recommended that the space not be used for not-for-profits and government entities but be leased for "for-profit, job-creating, economic development opportunities . . . to create jobs that pay above-average wages in the city," so the city can solve its "revenue problem, so we can keep spending." Mr. Dechovitz said, "Office workers or knowledge workers who earn above-average salaries" are what's desired.

Mayor Keyserling responded that they have discussed making the building space available to businesses and government offices that “are on the verge of leaving downtown,” in order to retain them. Mr. Dechovitz said the amount of non-taxable property Beaufort already has (40%) is much too high for such a small town with a flat population of only 13,000, so he encouraged the city to look for private sector employers who can provide jobs that pay above-average wages. Mr. Dechovitz said the CAFR indicates that from 2000–2014, the per capita income in Beaufort “is down 15%,” and from what it was in 2007, “which was at the height,” it’s down 60%.

Jon Verity, the Redevelopment Commission chairman, congratulated the city on moving forward on this, particularly as it applies to economic development. They have learned from another business incubator that small entrepreneurs are interested in coming to small towns “with a lifestyle that helps them make that happen,” which Beaufort could be. **The motion passed unanimously.**

Mayor Keyserling said next week’s council meeting had been cancelled, but it will be reinstated in order to allow a second reading on the ordinance and “to keep this moving forward.” They may add the sale of the building at the old city hall/ post office building to the agenda as well, “to help pay for this” purchase. The December 22 council meeting will be at 7 p.m.

CITY MANAGER’S REPORT

Mr. Prokop thanked the parking task force for its work the introductions its members had made to the Bank of America property owner. Some of the crooked parking meter poles are being straightened, he said, and there will be all new meters and sleeves by early/mid-January. Meters will be added on Carteret Street if this property is purchased for a parking lot.

FEMA representatives were in Beaufort, and the Pigeon Point damage was approved for a \$3500 grant for the city’s costs. The state will take 25% of whatever is received, FEMA has told staff.

REPORTS BY COUNCIL

Councilman O’Kelley said he was distressed to see that the playground at Waterfront Park had been vandalized.

Charmian Webb passed away on Sunday, Councilman McFee said.

Councilman Murray said the employee party was a great time. He also thanked Ms. Dickerson for her participation on the Design Review Board.

Mayor Keyserling described the Wreaths across America ceremony at the National Cemetery that had taken place the previous Saturday.

There being no further business to come before council, **Councilman O'Kelley made a motion to adjourn the meeting. Councilman McFee seconded. The motion passed unanimously,** and the meeting adjourned at 8:21 p.m.