

A work session of the Beaufort City Council was held on July 26, 2011 at 5:00 p.m. in Council Chambers, City Hall, 1911 Boundary Street. In attendance were Mayor Keyserling and council members Donnie Ann Beer, Mike Sutton, Mike McFee, George O'Kelley, 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 meeting to order at 5:00 p.m. He welcomed new councilman George O'Kelley.

DISCUSSION WITH REDEVELOPMENT COMMISSION AND METRO PLANNING COMMISSION CHAIRS

Jon Verity offered updates from the Redevelopment Commission. He showed and discussed a newsletter from the Office of Civic Investment. He said a big recent success was the signing of the lease by Lowcountry Produce at the Old City Hall site. In the Northwest Quadrant, he said, the Redevelopment Commission is meeting regularly with Historic Beaufort Foundation. They met this month with the Preservation Committee to review the Project Book and with Pete Palmer and **Julie Goode**. They also meet with Ed Boyd at the Housing Authority.

The Redevelopment Commission continues to develop their relationship with the Lowcountry Housing Trust, Mr. Verity said. The Lowcountry Housing Trust representative will have an office in City Hall. Mr. Verity said **Josh Martin**, Ms. Goode, and **Brenda Dooley** of Habitat For Humanity did a walking tour of the Northwest Quadrant to identify houses that might work for rehabilitation. He shared pictures of those houses with council.

The Redevelopment Commission has been working with individual owners of property in the marketplace who have asked what they can do with their properties. Midtown is the first project of this type with one home already built and others planned. Mr. Verity said the Northwest Quadrant is "very much our focus," and there are "a lot of things happening and a lot of potential development."

The Redevelopment Commission's Commercial Committee is interested in looking at the post office site now that the Old City Hall has been rented.

The Redevelopment Commission continues to make progress on closing off a section of North Street to create a park with alley access in the back of it. There are drawings now.

The Redevelopment Commission met with the district commissioner for the DOT to discuss roadways and what the Redevelopment Commission would like to do, and Mr. Verity felt that it was a good meeting.

The next step is for Office of Civic Investment to look at Sectors 2 and 3, and the charettes will begin September 27. The Redevelopment Commission has received the 100-page final report

on Bay Street about ways to enhance it in the future. It calls for “more targeted marketing of merchants who might come in”; more work on parking; including part of Boundary Street in downtown; growing the population; doing more work on attracting visitors and “what they mean to us.”

Mayor Keyserling said there were Habitat For Humanity rules that the homeowners’ land couldn’t be put up for equity. He suggested that Ms. Goode and Mr. Martin should discuss with Ms. Dooley the option of Habitat For Humanity considering that people who own lots but don’t live on them could move back to a family lot and live on it so Habitat For Humanity wouldn’t have to buy the lot. There was some general discussion about this, including history from Councilman Sutton on the Block By Block program. He said he hoped that the Redevelopment Commission and Lowcountry Housing Trust could work together on the issue as Mayor Keyserling suggested. He said it’s not uncommon for people to have land but rent elsewhere because they can’t put the land up as equity for a loan. “Vertical growth in a neighborhood that needs it is the return on investment,” Councilman Sutton said. Getting a family with land to get a non-conventional mortgage to go vertical is something they should be going for, Councilman Sutton said. Habitat For Humanity does it with a “\$50,000 price and the lot, then they can go vertical.”

Councilman O’Kelley said he would like to see the Bay Street report, and Mr. Dadson said he would be forwarding that to council. Councilman O’Kelley expressed his opposition to closing that strip of North Street for the park. Mr. Dadson explained the history of the Water Trough Park project in regard to past projects. The charette for Sector One led to meetings with property owners in the area to discuss how it could work; it will eventually have to go to DOT to see if they want to tackle it. He said “the trade-offs have been positive thus far.” Councilman O’Kelley said that section of North Street is unique, needed, and he wouldn’t want it to go away. Mayor Keyserling said no one wants to condemn any property right now, and it may be like Bladen Street where those who didn’t want to participate won’t be forced to.

Mayor Keyserling said given council’s informal review of what Main Street Beaufort is doing, and the need for economic development, council might need to review the report to which Mr. Verity referred.

In response to a question from **Erica Dickerson**, Mr. Verity said that the Northwest Quadrant neighborhood association hasn’t been involved in the meetings about the Northwest Quadrant. Mr. Martin said this was an informal look at various houses, also in the Old Commons neighborhood, on “a fact-finding mission” to determine whether the properties can be rehabbed. The walk was to update the list that the city had developed at one time of possible structures for rehab. Mr. Verity said if a representative of the Northwest Quadrant neighborhood association would like to meet regularly with the Redevelopment Commission, they would be happy to do that.

In response to a question from **Alan Dechovitz**, Mr. Verity said they have not developed a timeline or success criteria. On most of these projects, “there’s a long way to go” at this point.

Most are exploratory to see if the projects are even possible, and the timelines will be developed later on. Their goal is to raise issues and get discussions going before they create a timeline.

Mr. Dechovitz said that's commendable and raised the issue of blighted properties in the face of the implementation of form-based code. Mayor Keyserling said there's been a lot of confusion as to what is and isn't contributing. Mayor Keyserling said he's interested in getting Historic Beaufort Foundation "back into the preservation mode" and creating a campaign for "Beaufort's Most Endangered." The contributing status for some time has been an obstacle that no one's been clear on. Councilman Sutton said it's clear how much work there is left to be done. When Beaufort became a historic district, the status of stand-alone buildings stopped. He wants to find those structures that are worthy of saving and city council can champion those, then those worthy enough of rehab can have a fundraiser thrown for them. Habitat For Humanity has not done a single house rehab in the Northwest Quadrant, Councilman Sutton added, though they wanted to do so with NSP money.

Mr. Dechovitz said to be successful, there needs to be "a time-bounded nature" and clear criteria for success; "at some point we have to make a decision." He said there are other solutions than putting people into a historic property to live in it; that requires a kitchen and bathroom, electrical to code, etc. Instead, they could "get the shell right" for a historically important house. Mayor Keyserling discussed a couple of projects like this that Historic Beaufort Foundation did and said Historic Beaufort Foundation has a model for this.

Mr. Dechovitz said it was a light month for the Metropolitan Planning Commission. He said they had discussed a small danger that the PUDs in the law suit settlement might have set a precedent; property owners with many properties might use that method to try to update their PUDs. General discussion of this ensued at the table. Mayor Keyserling said everyone involved had "learned a great deal" through that process. Mr. Dechovitz said there had been little public comment on these PUDs. He commented in regard to the short-term rental proposal sent to city council that first, in a year's conversation, no realtor came to the Metropolitan Planning Commission and expressed themselves about the ordinance sent to city council. The concerns about treating one area of the city differently than another is, to him, "a lack of perspective." They have different uses in different areas of the city "all over the place." The Point residents have a "terrific burden put upon them already," and their request to opt out of this seems reasonable to the Metropolitan Planning Commission.

Mr. Dechovitz said the Metropolitan Planning Commission chose to allow short-term rentals in the entire city apart from The Point because for some time, there were people renting their places short-term who were acting in good faith with the belief that they were behaving legally to obtain additional income. They need that income to maintain their own homes and expressed this to the Metropolitan Planning Commission multiple times. They weren't stopped previously, so to go back to them, Mr. Dechovitz said, and say that the rules have changed and now they can't rent the accessory dwelling unit they bought thinking that they would be able to rent it out short-term, led the Metropolitan Planning Commission to decide that the ordinance

should be city-wide. The Metropolitan Planning Commission has no expectation that there will be a huge rush of short-term rentals as a result of this ordinance.

BOARDS, COMMISSIONS AND COMMITTEE INTERVIEWS: KIM GUNDLER AND HARLEY LAING FOR THE RAIL TRAIL STEERING COMMITTEE

There was general discussion about the committee, the connection to the county, and a description of what Ms. Gundler's and Mr. Laing's roles on that committee might be. Mr. Dadson discussed the issues at play with the county's transportation grant and what the city's role has been thus far. The city controls a series of access issues, he said, and "other things in play"; the county controls maintenance, and Port Royal has its own areas of control. Mr. Dadson said the right-of-way has been taken care of. The second piece is the grant, so there is something to work towards. And, finally, the rail-to-trail "is in everyone's comp plans."

Councilman O'Kelley said when the railroad was first closed, people indicated that their backyards were taken, and it was to revert now to the property owner. Mr. Dadson said that's been settled now. Mayor Keyserling said the properties are unaffected for those who joined in the suit, and they "will be compensated somehow." It's all been resolved, Mayor Keyserling said, though they must still determine "just compensation." Councilman O'Kelley said West Ashley has a rail-to-trail. Mr. Dadson said Mt. Pleasant does, too.

Kim Gundler is the co-owner of Beaufort Kayak Tours and their property is adjacent to the railroad which quit running a day after they moved there, she said. She has been waiting for this for a long time, she said, and she's "happy to help in any way I can." **Harley Laing** said he was on the planning commission at one time, and the rail-to-trail project has been on his mind for some time as well. He'd like "to work on something tangible" like this project. Ms. Gundler and Mr. Laing asked Mr. Dadson some questions about the particulars of the committee work.

TMAC PRELIMINARY ADVISORY RECOMMENDATIONS

Heather Winch said TMAC has been meeting a lot, and the letter to the Attorney General has been sent. Giving tourists good options and resolving the recurrent issues that Officer Carter has fielded and city council has often heard about, are leading the committee to seek balance. Ms. Winch sent a memo to city council about those items that TMAC has made preliminary decisions about to show the direction they're moving in.

She reviewed those areas where they expect there will be no changes. Tour certification is affected only in terms of the accuracy of the information being presented. They can rectify this through a tour guide audit at least annually to determine the content of the tours. If they are representing themselves as a historic tour but are violating the ordinance, there needs to be recourse to take action.

In regard to the tour vehicles, there are currently four potential tours every hour for small commercial vehicles and three for horse carriages. TMAC wants to limit that number to six per hour of *both*; that gives a touring option to tourists every 10 minutes. She went on to explain the spacing of the vans and carriages to accommodate this. The in-town and out-of-town small

vehicle slots were evidently meant to allow people to bring people into town who might not otherwise come, Ms. Winch said, from Hilton Head Island, Savannah, etc. There could be bidding on the slots like there currently is for carriages. Ms. Winch said they have attempted to limit the number of tours, provide options for tourists, and make enforcement financially viable for the city. The two trouble areas are carriage tours and vans, so competitive bid slots should solve that.

The Charleston ordinance has “per departure” and “per head” fees. The number of people who do these tours is unknown in Beaufort, Ms. Winch said. The operators seemed to estimate low in TMAC’s opinion; they said they average ten passengers per day per company. They complain that upfront costs are significant, as is the franchise fee. Currently, when business goes down, the fee doesn’t, but with this, when business is slow, they would pay less. This doesn’t apply to walking or boat tours where there is no enforcement required. There are no licensed bike tours.

Ms. Winch said TMAC would like to expand the definition on small vans to include electric vehicles. They want to add a provision for diesel vehicles, one of which is already in operation. They could be banned unless they are clean-diesel, though that might eliminate out of town vehicles. “Spouse tours” from a van company on Hilton Head Island with diesel could be allowed to come 8 times a month without having to have a slot.

Other potential changes to van tours:

- Limit the in-town companies to no more than three.
- Change the embarkation slots to three
- Sealed bid procurement
- Update to allow for rotation of the tour routes on a weekly basis, so there’s not duplication of all companies doing the same tour on the same two-mile route every day.
- If there were an unpurchased slot, it could be used by those who already own other slots until it’s bought at the previous minimum bid level. This would prevent “gaming the system,” Ms. Winch said. There was some discussion as to how this would work. Councilman Sutton suggested averaging other purchased slots. The companies rotate among themselves until a slot is purchased by a tourist.
- A \$3 per tour and 50 cents per passenger charge will be paid. The tour coordinator would monitor the number of tours and compare his audit with the companies’ audits.
- Slot fees will be assessed annually and will be due *in full* each year. Mr. Dadson suggested that these should be bonded.
- Changes will be made to hours of operation to make them consistent throughout the year: 10-6 except Christmas and Sundays when they start at noon.

Potential changes to carriage companies:

- Carriages will have three slots and any company can bid on as many as they like, but no touring company can have more than three vans and/or three carriage slots altogether. One can bid for a maximum of three departure times in either vehicle in any hour.
- Same rotation of tour routes as with vans

- Change hours of operation the same as with vans
- Can substitute vans during their slot rotation times only when the tour coordinator halts tours because of heat, cold, or storms
- Same per carriage and per head fees
- Mandatory 20-minute rest period between tours for the horses
- Greater access to water before the horses go on tour
- No more than six consecutive days of touring
- Have an equine vet look at all ordinance sections before city council approves for i.e., a cold standard
- Clean-up to be provided by a third party – TMAC is awaiting a quote, and they think it may be prohibitive. Ms. Winch went on to discuss further cleaning options to avoid odor.

Potential changes to walking tours:

Standardized hours that can go until 8 pm

There will be no changes to special event tours.

Other potential changes:

They are considering a points system to make slot owners accountable for the actions of their drivers instead of the employees only getting a ticket/fine. An accumulation of points at a certain level would incur more repercussions. They are also considering limiting locations for where tickets can be obtained. There are a variety of issues to consider within this matter.

Councilman Sutton has wondered if the current ticket locations could no longer be allowed, and the kiosk would be the one spot for ticketing. **Kevin Cuppia** said the Visitors Center seems vital. Councilman Sutton said they give a piece to the retailers including the Visitors' Center for selling tickets, and that plus the head fees, etc. could raise prices. Ms. Winch said again that "no one is willing to share the numbers of people that go through" the tours. Councilman Sutton said he's okay with the ticket prices fluctuating. Ms. Winch said it might bring down what the bid slot costs them. TMAC wants to know what the tour business generates for the City of Beaufort, and currently they have no way of knowing that. Councilman Sutton said if the tours are full, the flat fees is substantial for the city. Ms. Winch said based on their estimates, if the companies do 285 tours per week, it's \$22,000 a year for the \$3 fee and the 50 cents a head is \$12,000, but she suspects the real numbers are closer to \$40,000 and \$25,000.

Mayor Keyserling invited Ms. Winch to come back August 9 to discuss further.

There being no further business, the meeting was adjourned at 7:06 p.m.

A regular meeting of the Beaufort City Council was held on July 26, 2011 at 7:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, Mike Sutton, 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.

CALL TO ORDER

The Mayor called the meeting to order at 7:11 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was led by Councilwoman Beer, and the Pledge of Allegiance was led by the mayor.

Judge Ned Tupper swore in new councilman George O’Kelley.

PROCLAMATION OF PORSCHE CLUB OF AMERICA WEEK

Councilwoman Beer, second by Councilman McFee, made a motion to proclaim Porsche Club of America Week. The motion passed unanimously. Councilwoman Beer read the proclamation. Mayor Keyserling presented the proclamation and **Cecile Dorr** discussed the event.

PUBLIC COMMENT

Terry Gibson, Lady’s Island, said that in the newsletter Mayor Keyserling sent out, he had discussed people who had sent him a letter about a traffic ticket and about business. Her comments were in the form of stories, the first about “Legal Robbery,” concerning when she was ticketed for \$50 for parking on a yellow line across from the Arsenal. She was told employees at the VCB monitor for illegal parking and then call Lanier, who come to ticket. She finds that “inconsistent” for VCB employees to greet visitors to Beaufort but then see to it that people are ticketed. She commented further on parking with another story about how parking was in the town she lived in, Sylvan, NC, in the past. The merchants complained about employees parking in spots that customers could have parked in. She went on to discuss the means by which the city attempted to remedy this situation. Now there are more spots but no more shoppers. Then, she said, city council took down the parking meters, reassigned the policemen, didn’t enforce the parking time limits, etc. The tourists were happy then, because parking is free. Raising revenue was not the main goal of Sylvan, she said, and tourists and locals should not be charged for parking and large fines.

Bob Moquin, Visitor and Convention Bureau (VCB), responded to Ms. Gibson’s concerns about the VCB employees at the Visitors’ Center and ticketing. No staff member has been told to monitor the parking system, he said. He’s not aware of the practice, and he is willing to look into the matter. He sought to clarify the relationship between Lanier and the Visitors’ Center.

Edie Rodgers thanked those in the city and **Libby Anderson** for coordinating students to clean up a home in Spanish Point over the weekend.

PUBLIC HEARING: CONSIDERATION OF A DEVELOPMENT AGREEMENT FOR APPROXIMATELY 412 ACRES OF LAND ON LADY’S ISLAND, SOUTH CAROLINA AND 140 ACRES OF LAND ON PORT ROYAL ISLAND, SOUTH CAROLINA. THE PARCELS INCLUDED IN THE DEVELOPMENT AGREEMENT ARE AS FOLLOWS: DISTRICT 123, TAX MAP 18, PARCELS, 54, 54D, 76 AND 215; DISTRICT 123, TAX MAP 20, PARCELS 1 AND 19; DISTRICT 123, TAX MAP 21, PARCELS 1 AND 4; DISTRICT 122, TAX MAP 29, PARCELS 103, 103F, 104D, 233, 241, 242, 243, 244, 255 AND 490; AND DISTRICT 120, TAX MAP 29, PARCELS 108 AND 215

Mayor Keyserling opened this public hearing. **Danny Crowe** said this is the second of two mandated public hearings. The development agreement renegotiates two agreements and effects several tracts of property. Counsel for the City and the staff think this agreement addresses shortcomings of the original agreements.

REVISING THE AIRPORT JUNCTION PLANNED UNIT DEVELOPMENT TO REDUCE DENSITY, REVISE THE MASTER PLAN, AND REVISE DESIGN AND DEVELOPMENT STANDARDS. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 18, PARCELS 54, 54D, AND 215

Ms. Anderson reviewed the major revisions and reductions that would take place in this PUD.

REVISING THE CANE ISLAND RETREAT PLANNED UNIT DEVELOPMENT TO REDUCE DENSITY AND REVISE THE MASTER PLAN. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 20, PARCELS 1 AND 19, AND R123, TAX MAP 21, PARCELS 1 AND 4

Ms. Anderson reviewed the major revisions and reductions that would take place in this PUD.

REVISING THE UPPER CANE ISLAND PLANNED UNIT DEVELOPMENT TO REDUCE DENSITY AND REVISE THE MASTER PLANE. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 18, PARCELS 76 AND 320

Ms. Anderson reviewed the major revisions and reductions that would take place in this PUD.

REVISING THE HANOVER PARK PLANNED UNIT DEVELOPMENT TO CHANGE DESIGN AND DEVELOPMENT STANDARDS. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 29, PARCELS 103, 104D, 215, 475, AND 476

Ms. Anderson reviewed the major revisions and reductions that would take place in this PUD. There being no public comment on any of the revised PUDs, Mayor Keyserling closed this hearing.

MINUTES

Councilwoman Beer made a motion, second by Councilman McFee, to accept the minutes of the July 12, 2011 work session and regular meeting. The motion to accept the minutes as submitted passed unanimously. Councilman O’Kelley abstained from the vote.

Councilwoman Beer made a motion, second by Councilman Sutton, to accept the minutes of the council work session July 19, 2011. The motion to accept the minutes as submitted passed unanimously. Councilman O’Kelley abstained from the vote.

ORDINANCE APPROVING AN AMENDMENT AND CONSOLIDATION OF DEVELOPMENT AGREEMENT BETWEEN THE CITY OF BEAUFORT AND CANE ISLAND RETREAT, L.L.C., AIRPORT JUNCTION L.L.C., HANOVER PARK, L.L.C., GLEASON PLACE L.P., SEA ISLAND HOMEPLACE L.P., CANE ISLAND PROPERTIES L.L.L.P., FIRST CAROLINA CORPORATION OF S.C., AND BURTON PROPERTIES L.P.

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. The motion passed unanimously.

ORDINANCE REVISING THE AIRPORT JUNCTION PLANNED UNIT DEVELOPMENT TO REDUCE DENSITY, REVISE THE MASTER PLAN, AND REVISE DESIGN AND DEVELOPMENT STANDARDS. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 18, PARCELS 54, 54D, AND 215

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. The motion passed unanimously.

ORDINANCE REVISING THE CANE ISLAND RETREAT PLANNED UNIT DEVELOPMENT TO REDUCE DENSITY, REVISE THE MASTER PLAN, AND REVISE DESIGN AND DEVELOPMENT STANDARDS. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 20, PARCELS 1 AND 19, AND R123, TAX MAP 21, PARCELS 1 AND 4

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. The motion passed unanimously.

ORDINANCE REVISING THE UPPER CANE ISLAND PLANNED UNIT DEVELOPMENT TO REDUCE DENSITY, REVISE THE MASTER PLAN, AND REVISE DESIGN AND DEVELOPMENT STANDARDS. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 18, PARCELS 76 AND 320

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. The motion passed unanimously.

ORDINANCE REVISING THE HANOVER PARK PLANNED UNIT DEVELOPMENT TO CHANGE DESIGN AND DEVELOPMENT STANDARDS. THE PROPERTY IS IDENTIFIED AS R123, TAX MAP 29, PARCELS 103, 104D, 215, 475, AND 476

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. The motion passed unanimously.

ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF THE CITY OF BEAUFORT, SOUTH CAROLINA, HOSPITALITY AND ACCOMMODATIONS FEE REVENUE BONDS, AND OTHER MATTERS PERTAINING THERETO; PRESCRIBING THE FORM OF BONDS ISSUED HEREUNDER; PLEDGING LOCAL ACCOMMODATIONS FEES AND LOCAL HOSPITALITY FEES AND OTHER FUNDS TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE BONDS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING

Councilman Sutton, second by Councilwoman Beer, made a motion to accept the ordinance on second reading. Paul Trouche, bond counsel, introduced himself. Mr. Dadson said this is for refinancing of debt under newly created law. He explained the benefits of the ordinance. Mr. Trouche said state law now allows the fee revenues from Accommodations Tax and Hospitality Tax as securities for bonds. He explained what this ordinance and the one to follow will do for the city. Mayor Keyserling explained that these were Accommodations Tax dollars that have always been used for this purpose, not other Accommodations Tax dollars that the public might be familiar with. **The motion passed unanimously.**

ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A CITY OF BEAUFORT, South Carolina HOSPITALITY AND ACCOMMODATIONS FEE REVENUE BOND, SERIES 2011, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$3,500,00; AND OTHER MATTERS RELATING THERETO

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. The motion passed unanimously.

ORDINANCE REVISING SECTIONS 5.1 AND 5.3.D OF THE UDO TO PERMIT SHORT TERM RENTALS IN RESIDENTIAL ZONING DISTRICTS BY SPECIAL EXCEPTION AND AS A CONDITIONAL USE

Councilwoman Beer, second by Councilman Sutton, made a motion to accept the ordinance on second reading. Ms. Anderson reviewed the ordinance. She showed the definition of a short-term rental (less than 30 days). They are currently only allowed in commercial districts, and not in residential districts. She showed an overhead of the proposed amendment. Rental of a primary dwelling unit would be by special exception, reviewed and approved by the ZBOA. Rental of an accessory dwelling unit would be a conditional use and would be reviewed and approved by staff. No short-term rentals would be allowed in communities where it is prohibited by covenants. There would also be no short-term rentals in The Point. She discussed ZBOA review criteria for an application for special exception. Ms. Anderson said for special exception and conditional use, there would be a number of minimum conditions applied, and the ZBOA has the authority to add additional conditions. She reviewed the short-term rental proposed conditions.

Ms. Anderson went on to review the short-term rental process for a special exception: pre-application conference; special exception application; public notice made; staff site visit to property; special exception hearing before ZBOA; evidence of monitored fire alarm system; business license; local and state Accommodations Tax account; and annual safety inspection.

For an accessory dwelling unit, the process is pre-application conference; conditional use permit application; staff site visit to property; review of app materials including property management plan; evidence of monitored fire alarm system; business license; local and state Accommodations Tax account; and annual safety inspection.

Under state law, Ms. Anderson said, “treating a certain neighborhood differently” is the premise of zoning and excluding a certain district is legal. The City Attorney said the current

wording in regard to covenants must be maintained; it is consistent with state law and should not be reversed.

DC Gilley said this ordinance would hurt property values in downtown Beaufort. There are safety, parking and other issues, and all would be bad for businesses in Beaufort.

Donna Starkey, Battery Shores, is opposed to this provision. They will experience the impact because of weekly graduations at Parris Island, which they see evidenced at Mink Point. She questions the validity of doing this; giving special exception to property owners gives them the license to operate a commercial business in a residential neighborhood. She feels this should require a zoning change, not passing by ordinance.

Eric Gnau, a member of the board of realtors, said the board has concerns and opposes short-term rentals. He said experience shows that long-term rentals and short-term rentals are different. Short-term rentals change the character of a community negatively, he said. Short-term rentals “behave differently” than long-term rentals, and some of that behavior is negative and will affect the neighborhood and property values. Short-term rentals in planned communities are in non-residential parts of those communities because those who buy property there don’t want those short-term rental homes in their neighborhoods, Mr. Gnau said. This type of change will encourage owners to buy properties where they can rent part of their property out, and that will be detrimental to the neighborhood, Mr. Gnau said. College kids could rent a home for a week and have parties. Real estate professionals know that short-term rentals have a negative impact on the market value of a home. Realtors think this will have a negative impact on neighborhoods.

Mayor Keyserling said he is a realtor, and if he were to vote against it, he would have a conflict of interest. He is supporting it because for 14 months, neighborhood associations, individuals, and the Planning Commission, through public hearings, re-writes, and focus groups have worked on this, and until last week, without the support of the Board of Realtors, they have discussed this. He said there has been no contact at all from the Board of Realtors. When contacted about complaints about long-term rentals, Mayor Keyserling said, realtors say that “that’s an intrusion on their properties.” He has received letters and calls of support on short-term rentals. He asked for the continued support of the Board of Realtors on redevelopment in the city.

Ms. Rodgers restated her disapproval. She feels it will “potentially destroy neighborhoods.” It will be difficult to organize HOAs and POAs. She has heard comments that citizens did not believe that city council would ever approve this. She said she has heard questions about whether this would permit people to rent a couple of rooms in a house. Ms. Anderson said no, that would be considered a separate use, like a boarding house, and this ordinance does not allow that. Ms. Rodgers then asked if there would be a portion of the property taxed at 4% and another portion at 6%. Mayor Keyserling said that was a good question. Councilman O’Kelley said plenty of people have businesses in their homes. Allowing short-term rentals doesn't change the 4% to 6% or a portion. They pay for a business license based on their income from

the home business. Mayor Keyserling said there's also personal property tax on furnishings. Councilman McFee said the Accommodations Tax is 11% in South Carolina, and short-term rentals will also pay that. Ms. Rodgers said people are already in the hospitality business, and they shouldn't be competed with; they should be helped out.

Monty Hopey, Cottage Farms, said he's opposed to the ordinance "because there are neighborhoods in the city where it shouldn't be imposed because it's not wanted." He wouldn't buy a property if he knew that a short-term rental would be opened next to him.

Sunny Torrey is in full support of short-term rentals. She has rented out an accessory dwelling unit for a long time and has "never had bad renters." Most want peace and quiet, she said. They want to get a feel for the neighborhood, and are looking at Beaufort as a place to live. Many of her guests don't want to stay in hotels which are loud and potentially dangerous. She's had 5000 hits on her Vacation Rental By Owner (VRBO) listing, so she feels there's a need for it. Short-term rentals are well kept up, and the owners know what's going on in them.

Edward Dukes said he is fine with accessory dwelling units, but putting "little motels" in neighborhoods will be detrimental to them. He also feels that 48 hours is too short of a time for a minimum stay.

Bill Thompson said they own five homes and two of them are short-term rentals. Long-term rentals they did in the past resulted in arrests and significant damages to the homes. Magazines have rented from him short-term three times. Many guests have bought homes in the area. Parris Island graduate families have had expensive jewelry stolen from a motel. They have had no problems in seven years, and one neighbor brings their guests food. Short-term rentals raise property values, not lower them, because the properties have to be maintained to be able to be rented them.

Ms. Starkey said people who in older neighborhoods without covenants will have difficulty organizing a property owners' association; doing so "after the fact is impossible," she said, in her experience in Battery Shores.

John Dickerson, Pigeon Point, said there have been short-term rentals in Beaufort since 1994, and there have been very few problems. They have improved the neighborhoods and the properties they're on. The vast majority of renters are 45-65, affluent, and often decide to move to Beaufort. This demographic improves the economy of Beaufort. Ms. Dickerson noted how difficult it is to get a special exception, and said when they're applied for, neighbors can make public statements

Matt McAlhaney, The Point, said he owns a hotel, is a realtor, and has seven rental units in the Northwest Quadrant. He supports the Board of Realtors and their points. He said short-term rentals are spot-zoning. If the ordinance happens, it should be to the benefit of those around the rental property. He feels "this will harm far more people than it is going to do good." He asked if there had been cost-benefit analysis done for all of the inspections for a special

exception. He's not opposed to accessory dwelling units where people live on the property, however. He said he's adamantly opposed to this. Mayor Keyserling clarified that it would have been helpful to have realtors present to help fashion the ordinance; he was not being critical of Mr. Gnaou for speaking late in the process.

Don Starkey asked what the ZBOA looks at and if it's detailed enough. He is concerned that if it's insufficiently detailed, there will not be consistent interpretation. It's not in the UDO. He wants clarification that if someone goes to the ZBOA, it's there and they can read it. He also would like to know what the mechanism is after a year or two when short-term rental owners no longer keep the property up. Mayor Keyserling said annual inspection is the answer. Codes Enforcement people are zealous, and he feels confident that an eye will be kept on this matter.

Ron Mattingly, 923 Lafayette St, serves on the ZBOA, and said bureaucracy deals with what DS's concerns were. He said it's a very bureaucratic process to obtain the opportunity to do a short-term rental: fees, management plan, staff review, a meeting with the ZBOA. Staff will inform the public about a hearing. Official neighborhood associations are fine, but he said Pigeon Point has "a little group of neighbors." He offered a story about how a public group interacted with the ZBOA. He said the way he reads the ordinance, if a person is licensed, they get a warning after one complaint, and they lose their license after two complaints. He agrees that this will improve the condition of rental properties in the city. Regarding eviction, short-term rental owners can have their license revoked if they allow bad renters. It's impossible to evict someone with a bad long-term rental, he said.

Mr. Moquin said, on behalf of the VCB, a board meeting yielded a lot of lively debate. The board is funded by Hospitality Tax, and there are benefits to the VCB in having short-term rentals if this is passed, but some board members were concerned. It does effect the commercial business community. They would like the opportunity to discuss this with their Chamber of Commerce partners if city council chooses not to vote on it at this time.

Paul Michau wondered if Hospitality Tax is charged unless a property has in excess of five bedrooms. Shifting revenue away from B&Bs, hotels, etc. could be possible and those generate Hospitality Tax.

Mr. McAlhaney reiterated the need for a cost-benefit analysis for staff time "to make this break even," since there seems to be agreement that there will only be a few short-term rentals.

Mr. Dickerson said he and his wife "pay tax on every rental, every month." Ms. Anderson agreed and said these short-term rental units pay an Accommodations Tax at the local and state levels.

Councilman O'Kelley said he is going to vote for it because of the safeguards which are in place. Any ordinance like this can be revisited if it needs to be. He can count a number of long-term rentals near his house, and there have been problems with some of them. Setting up a short-term rental, though, requires jumping over many hurdles, so he feels it will work out.

Councilwoman Beer said she wouldn't want to have a short-term rental because of the costs and difficulties involved. In her neighborhood, there have been no problems with short-term rentals and many problems with long-term rentals. These are the greater of the problems, she feels. She feels there would not be a landslide of short-term rental applications. Neighbors can petition against a short-term rental as part of the process.

Councilman Sutton said the state statute offers an exception to those who live in the dwelling, such as a B&B. There are 94 VRBO rentals North of the Broad as of today, and all of them are "exquisite." The quality of them speaks to the viability of their use as a property. He said he hears concerns that this will change neighborhoods, but he feels change is needed in some neighborhoods to improve properties. Bringing visitors in to experience Beaufort earns his support. He feels the special exception process is a good one and the element that makes him support this ordinance. Churches, day care centers, etc. can happen in any neighborhood with staff-level approval, with no special exception process that would allow the public to express concerns.

Councilman McFee said he agrees that there are concerns in the neighborhoods. He doesn't feel there will be a windfall of short-term rentals. Licenses with two violations can be revoked, and there are other safeguards. He encouraged those involved with this issue to continue to be involved in what is happening in city government affairs.

Mayor Keyserling said he likes this level of participation in city government. He said there could be changes, as has been suggested. Regarding property values, long-term rentals should be as regulated and restrictions imposed so that landlords have to treat people there for more than 29 days the way the short-term rentals must treat *their* guests. Staff and city council has learned that the problems are in long-term rentals, not short-term rentals, and they are going to look to improve this, since 47% of the homes in Beaufort are rentals.

Ms. Rodgers asked, if she can get 75-80% of Spanish Point residents to sign a petition, if they can be exempted. Mayor Keyserling said that if that many people did that, they would look at it. If there was a special exception request, and 75% of the neighborhood opposed it, it would be unlikely to be approved, plus no one in the neighborhood would be likely to try it again. A discussion ensued with city council and Ms. Rodgers about neighborhood associations.

The motion passed unanimously.

ORDINANCE REVISING PART 5, CHAPTER 4 OF THE CODE OF ORDINANCES—FLOOD DAMAGE PREVENTION ORDINANCE, PERTAINING TO BUILDING ADDITIONS

Councilwoman Beer, second by Councilman McFee, made a motion to approve the ordinance on first reading. Ms. Anderson said in September 2004, city council adopted a new flood damage prevention ordinance. The state model stipulated a definition for "addition" to existing structures; this was included in the ordinance council adopted. They had to meet requirements for base construction and had to be elevated to the base flood elevation. Until 2004, they

allowed additions below the base flood elevation if they were “non-substantial.” These are not permitted now; ALL habitable additions must be built to the base flood elevation.

Ms. Anderson said if a house was built at a 10’ elevation, an addition would require an impractical step up into any enclosed space. Ms. Anderson said “addition” isn’t defined, and Beaufort County allows the non-substantial additions as does Hilton Head Island. Ms. Anderson indicated the proposed changes to the definition of “addition,” in which everything was excised after the first sentence; this would be consistent with the definition in the international residential code and offer “a little flexibility” for smaller, non- substantial additions.

Ms. Anderson restated that currently no addition is permitted below the base flood elevation. She said since ’04 additions were going to the ZBOA for a variance. In ’09 they began to work on changing this and that’s where they “came up with the 33%.” There will be a loss to property, so there’s merit in what the state says, but there needs to be flexibility. 1200 properties are in the flood zone, and 1100 have insurance. She said this won’t jeopardize the flood rating. **The motion passed unanimously.**

Councilman McFee said staff should send the ordinance change to homebuilders and realtors for comment.

APPROVAL OF 2011 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) AWARD TO BEAUFORT POLICE DEPARTMENT

Councilwoman Beer, second by Councilman McFee, made a motion to approve the grant award. Mr. Dadson said council needs to accept this grant for the city to receive it. He enumerated what the award money would be used for: weapons, cameras, and memory cards. **The motion passed unanimously.**

RESOLUTION REVISING THE FEE SCHEDULE TO ESTABLISH A FEE FOR REVIEW OF CONDITIONAL USE OF PERMIT APPLICATIONS

Councilwoman Beer, second by Councilman McFee, made a motion to approve the resolution. Ms. Anderson said the fee would be \$25 for review of a conditional use permit application. This would make all conditional uses consistent. For the accessory dwelling unit and short-term rental, there would be staff time involved; she estimated it would involve at least 2 hours of staff time for each. Councilman O’Kelley said if the fee were \$100, “it would keep the applicants more serious.” Councilman Sutton asked for a review of the costs and to have it brought back to city council to determine how much time would be involved.

Councilwoman Beer, second by Councilman O’Kelley, made a motion to table the resolution. The motion passed unanimously.

A discussion ensued about special exception for commercial business in Light Industrial and the success of the one business, Cross Fit, which has made use of the controversial ordinance change. Ms. Anderson said the formerly vacant building is occupied now and reiterated that “special exception is not spot-zoning.”

REPORTS BY COUNCIL MEMBERS

Councilman O'Kelley said he's glad to be back on council.

Councilman Sutton said he wants to stay on top of mooring fields; Mr. Dadson said they are in the application process.

Councilman Sutton asked about the cross-walk at Newcastle; Mr. Dadson said he will find out where they are.

Councilman McFee asked about how they address Brenda Hood's concern about stormwater in Pigeon Point. Mr. Dadson said they would have to knock other projects off the priority list to accommodate hers. He has instructed staff to partner with DOT to buy materials if they do the work. The cost is so prohibitive that it "becomes no longer a public good to do it." Councilman McFee said the concrete parking pad may redirect rain under her house. Mr. Dadson said curb and gutter might help.

MAYOR'S REPORT

Mayor Keyserling asked Mr. Dadson about the current state of line undergrounding. Mr. Dadson said the problem is getting local providers to work with SCE&G; there are complications involved in this. The city and city attorney are trying to help and "keep those conversations moving along." The Tree Board has been "doing due diligence on some neighborhoods," but there's been confusion about the transmission and distribution lines. A discussion ensued about undergrounding.

Mayor Keyserling asked if they had heard back from SCDOT "about the obnoxious yellow signs." Mr. Dadson said they will follow up on that.

EXECUTIVE SESSION

On motion of Councilwoman Beer, seconded by Councilman Sutton, 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 advice by legal counsel. **The motion was approved unanimously.**

DB, seconded by MM, made a motion to come out of executive session and resume the regular council meeting. The motion was approved unanimously.

ADJOURNMENT

There being no further business to come before city council, **Councilwoman Beer made a motion to adjourn, seconded by MM. The motion was approved unanimously,** and the meeting was adjourned at 10:05 p.m.

ATTEST: _____

IVETTE BURGESS, CITY CLERK