

A special meeting of the Beaufort City Council was held on February 19, 2013 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, George O'Kelley, Mike Sutton, and Mike McFee, and City Manager Scott Dadson.

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

CALL TO ORDER

The Mayor called the special meeting to order at 5:00 p.m.

PUBLIC COMMENT

Edie Rodgers asked if anyone had seen a notice of the council meeting in the newspaper. Councilman O'Kelley said he'd seen it in today's paper, though it was hard to see it because the notice was "broken up" between the columns.

Ms. Rodgers showed a postcard of the waterfront and read the back of the postcard which was about how the waterfront would become cluttered with a day dock, a water sports center and watercraft like kayaks. She said she wanted council to know that it is not just "the same handful of people" who feel that council "should preserve and maintain our culture." Ms. Rodgers said that as she arrived at the recent Carew Rice exhibit, three people thanked her "for speaking up about items we really don't want." She said she is vocal, but there are others who feel as she does.

Cynthia Cook said she had written a letter to the editor about the boatels. She asked that council not approve them in a small marina like Beaufort's; the boatel under consideration seems to her to be like the huge cruise ships in Charleston. She said she went to see the boatel that's in the marina now, and she could only see it, not the yachts, etc. She asked council not to approve something that "would ruin the ambiance" of the small town marina.

ORDINANCE REVISING SECTION 5.1, 5.3.D, AND 11.2 TO PERMIT BOATELS AS CONDITIONAL USES IN THE CONSERVATION PRESERVATION DISTRICT

Councilman Sutton made a motion, second by Councilwoman Beer, to table the matter.

Mayor Keyserling, too? Councilman McFee and Councilman O'Kelley opposed. The motion to table failed for lack of a majority.

Libby Anderson said a boatel is a boat that provides accommodations to overnight guests. Ms. Anderson reviewed the history of this matter. The proposal is to permit boatels as a conditional use, the conditions of which are set out in the ordinance. The conditions have been added to over time, she said. She went on to iterate the standards that would allow boatels in the Conservation Preservation District.

Councilwoman Beer asked if the standard was for no *fewer* than three guest rooms or no *more* than three guest rooms. The applicant's boat has five rooms. Ms. Anderson said Councilwoman Beer was correct. Mayor Keyserling said the discussion was that it should have no more than five rooms, and no fewer than three. Ms. Anderson said that wasn't incorporated in the ordinance. Ms. Anderson said she would word it as "a minimum of three rooms and no more than five rooms." Councilman Sutton said council should note the change to the requirements on their documents. **Councilman McFee made a motion for acceptance of the ordinance revision with the modification to the minimum and maximum number of rooms. Councilwoman Beer seconded the motion.**

Councilman McFee said that the amount of correspondence he had received about the boatels was close to the concern he saw expressed about the short-term rentals. He said for this reason he is not in favor of this. His constituents have true concerns about the changes affecting the downtown area and the Conservation Preservation District. The aesthetics of the structure isn't what he would choose, but he applauds the Andraes as business people. Councilman McFee said he had been on the cruise when it was in Charleston.

Councilman Sutton said the opposition to the application has been heard by council. He is concerned that many people have concerns about the aesthetics. The boat will be there in the marina no matter how it's used; in reality, Councilman Sutton said, council can't tell anyone that they can't use a boat "because it's ugly." He said they need a vibrant downtown and champion small businesses, but this is a boat owner who will have a boat that will be in the waterway regardless, but council seems to be planning to say that the owner can't earn money by having people sleep on that boat when people are sleeping on boats in the marina every night.

Councilman Sutton said he's "on the fence" on the matter. He thinks the waterfront and waterways should be encouraged to be used, but he agrees with Mayor Keyserling that they should be careful of the uses. He asked if the boatel "even fits the marina." In a discussion about the Conservation Preservation District, overnight accommodations aren't allowed, but people are sleeping on boats in marinas, including Beaufort's former mayor, **Henry C. Chambers**. It may not get the right place and time to do a boatel, but this *isn't* a boatel Councilman Sutton said; it's "a touring vessel with a license to tour." They could have stayed in the marina without a license, he said, "but they wanted to do the right thing." Councilman Sutton said that the Andraes "will eventually go to another home port." The ordinance is potentially so restrictive that only *that* boat would be able to avail itself of the Beaufort marina for overnight accommodations, Councilman Sutton said. They made the ordinance so restrictive "to see if the owner really wanted to do this, and he did," he said. The owner had "a personal crisis" and can't appear tonight to speak on his own behalf, but his family can. He believes they need a valuable waterfront and bringing people downtown to use the waterway is a goal.

Councilman O'Kelley said he doesn't support the ordinance revision because of the opinions of the people he's heard from, and because "it's a hotel at the marina." He called the boat "well-

proportioned and nice on board.” He agreed that people do live aboard boats, as Councilman McFee said, but “they’re not charging rent and running a business.” Mr. Chambers’ boat is his home. They need to consider Bay Street and all downtown, Councilman O’Kelley said. They would need 15-18 parking spaces for guests in this boat, and this would take spaces from people who work and visit downtown. Parking is still a big issue downtown, Councilman O’Kelley said, and he will vote against the ordinance.

Councilwoman Beer said she has considered both sides of the issue. She has no problem with the boatel, and “the applicant has been persistent.” However, Councilwoman Beer said she has a concern about the condition of the docks, and in a storm, she has particular concerns, so she is going to oppose it at this time. A lot of work needs to be done in the marina to make it safe.

Mayor Keyserling said his “position has been clear from the beginning,” and he thanked council for “trying to figure out if the pill could be swallowed.” He believes “a lot of money and goodwill” has been invested in the city’s future. This matter has made all of them look at the condition of the marina, Mayor Keyserling said. He sees a vibrant waterfront, but boatels are not in his vision of the waterfront. The day dock has been debated for many years, he said, and the mooring field is in the works. They “have to make every move carefully.” He thinks the boatel “is out of character with the long-term vision for a public marina.” Mayor Keyserling said he “would love to see the marina full,” and it’s at maybe 50% today.

Ms. Rodgers said that since Councilwoman Beer had mentioned the condition of the docks, and Mayor Keyserling had said that the marina is 50% full, she has been told that boaters “are told in a boating magazine to skip the Beaufort marina. She suggested that they should find out if that’s true, and if so, why.

Councilman O’Kelley said that years ago, a captain ferrying one or more boats created such a wake that it knocked dishes off boats at the marina. He was caught and tried and then posted widely “about what a horrible marina Beaufort’s is.” He said he thinks that is over, but that could be what Ms. Rodgers has heard about. Mayor Keyserling said he’s heard the same thing anecdotally. He’s asked the city manager “to bring all the parties together to see who’s not doing what and get control of the whole thing and better manage it.”

The motion failed to pass on a vote of 0 – 4. Councilman Sutton voted in favor of the motion, saying that his vote was made “in principle.”

MOTION TO ALLOW MEMORANDUM OF UNDERSTANDING (MOU) WITH THE LOWCOUNTRY LEGAL AID VOLUNTEERS

Councilwoman Beer made a motion, second by Councilman McFee, to allow the MOU.

Councilman Dadson said that the MOU had been entered into per council’s direction. Councilman Sutton clarified that this is just in regard to the use of space, and Councilman Dadson said yes, the agreement is so that the volunteers can meet with clients. Councilman O’Kelley said he’s “extremely concerned that the room be kept pristine,” and he hoped that

Councilman Dadson would tell Ms. Roper that “if the volunteers or their clients trash that place” Ms. Roper should report directly to Councilman Dadson. Councilman Dadson said that’s a condition of the MOU. Councilman O’Kelley said that is where citizens see what they do, and the room should remain “nice.”

Joe McDermott said that he feels “access to the room is a good thing.” He expressed concerns that “the fairness of some processes is bulldozed to the side sometimes,” adding that the Lowcountry Legal Aid Volunteers “need to own it if they screw up this room.” **The motion passed unanimously.**

MOTION TO ALLOW THE CITY TO ENTER INTO A FIRE CONTRACTUAL AGREEMENT WITH THE TOWN OF PORT ROYAL

Councilwoman Beer made a motion, second by Councilman Sutton, to allow the city to enter the contract. Councilman Dadson said the City of Beaufort and the Town of Port Royal have a 25-year relationship with Beaufort delivering fire services on their behalf. The agreement “has been re-written to bring it up to speed,” he said. The Town of Port Royal passed this agreement unanimously last week. It covers the traditional town and city areas of both jurisdictions. Councilman Dadson described this area. Outside of those areas, the City of Beaufort and Town of Port Royal have other arrangements. It clearly defines how the costs are split: 24% to the Town of Port Royal and 76% to the city. He and **Kathy Todd** have run the numbers in a variety of ways, as did **Van Willis**. It receives an ISO 2 rating, which is very good, Councilman Dadson said. Either party has to give the other two year’s notice to end the contract. It defines who employees answer to, how fees are done, how billing is done, and the services to be provided. He said staff recommends entering into this agreement. **The motion passed unanimously.**

AMENDMENT OF FY 2013 BUDGET

Ms. Todd discussed the four amendment items coming before council. The first pertains to the audio visual system in the municipal court building. They sought quotes and for repair of the system and the amendment would authorize \$3245 to supplement the cost that will come out of unexpected revenues that were not yet earmarked. This item is revenue neutral, Ms. Todd said. The second item is for a car for the Planning department. The old car, “Peanut,” was a 1997 Crown Vic that had reached the point where it was not able to be repaired. They have committed funds in the fund balance for the purchase of the new vehicle. This increases the budget for that acquisition, she said. Budget item three recognizes expenditure for the repair of a police vehicle that was involved in an accident. \$10,38.57 was covered by insurance, Ms. Todd said. The final budget item pertains to the police department’s sale of for old vehicles for \$6000. They received this as miscellaneous revenue, and this increases their capital outlay budget toward the cost of new vehicles.

Mayor Keyserling explained to the public present that this process is done quarterly, and most of the items are revenue neutral. **Councilwoman Beer made a motion, second by Councilman McFee, to approve the amendment on second reading. The motion passed unanimously.**

Councilman O'Kelley read a letter to the editor from the latest issue of *The Leatherneck* about a return visit to Parris Island to see the Marine Corps graduation that included seeing the Lt. Dan Band and praise for Hunting Island Park.

Mayor Keyserling thanked the Beaufort International Film Festival and praised it as "phenomenal." The "overwhelming majority" of people in the room when he went to the festival were not local, which he called "tourism at work."

There being no further business, **Councilwoman Beer made a motion, seconded by Councilman McFee to adjourn the special session, and the motion passed unanimously.** The meeting adjourned at 5:49 p.m.

A work session of the Beaufort City Council was held on February 19, 2013 at 5:49 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, George O'Kelley, 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 work session to order at 5:49 p.m.

PROPERTY TAX REASSESSMENT PRESENTATION

Ed Hughes, Beaufort County Tax Assessor, described the background of reappraisals which have taken place since 1973. They must do reappraisals countywide every five years. The 2004 and 2009 reappraisals were "more controversial," Mr. Hughes said, the details of which he went on to describe.

Since the 2009 reappraisal, the county has received thousands of appeals, Mr. Hughes said. They had provided council last fall with an estimate of what to expect in terms of reappraisal. In 2011 and 2012, market sales were analyzed statistically, and the number is down to \$31.9 billion, which is a 39% decline of fair market value. The countywide decrease is -26%.

Mr. Hughes said that in Beaufort County, there is less diversity in the tax base. The real estate tax base is just under 95% of the total tax base. He showed examples of the changes in market value. Beaufort sales in 2007 were compared to 2011 and 2012. There were significant declines in fair market value all over Beaufort County, Mr. Hughes said. By way of example, he said that recently, an uptick in lot sales in Palmetto Bluff was reported, but the *value* of the lots did not go up.

Mr. Hughes said taxes are not based on market value. They are based on the 4 or 6% assessment ratio times the taxable assessed value. They anticipate capping at 9% of the properties, which means the erosion of market value has exceeded the calculated cap.

Mr. Hughes said "everyone wants to know what will happen to their taxes," but the assessor's office only knows a portion of the information now, so he "can't tell anyone what will happen." They calculated an average decline in assessed value county-wide. There was an average decrease of 13% in assessed valuation. He gave an example of a calculation that property taxes will go *down* if it's more than a 13% change in assessed value and *up* if it's less than 13%. Most property owners North of the Broad can expect an increase in property taxes and a decline in tax liability for properties South of the Broad. In the middle, at 12% and below, owners can expect taxes to go up.

In Bluffton, Mr. Hughes said, 33% will incur a tax increase and 66% will incur a tax decrease. The decline in Bluffton is because of the vacant lots and “the significant erosion in valuation there.”

There will be “a shift in the properties North of the Broad,” Mr. Hughes said. This is exacerbated by agricultural use in properties North of the Broad. By law, the tax liability for land used for agricultural purposes is between \$1 and \$2 an acre. Millage changes, not valuation changes, will affect this.

Mr. Hughes went on to explain “millage roll forward.” The county administrator will recommend that the county roll millage forward, but this is up to county council. The council at its retreat “will have discussions about this in an open forum.”

Mr. Hughes said they will apply the revised values and the respective 4% and 6%, agricultural use and etc. by April 1 to determine the tax base. **David Starkey** will then take those figures, make calculations, and make those figures available to city council and the mayor so that budget discussions and anticipated revenue shortfall will be in hand in advance of the budget-making process.

Those numbers aren’t static, Mr. Hughes said. The figures he will provide to county council and to city council “will have a high level of reliability.” Councilman Sutton asked whether the roll forward to be vetted by county council will roll taxes forward out of the \$14 billion shortfall, and if the potential drop in county services to be provided will be discussed. Mr. Hughes said the key components to the reassessment are the bonding limitations: 8% of the assessed value. Beaufort County anticipates an erosion of their borrowing power by \$25-26 million and will not be able to build a detention center, for example.

Taking into account the county-wide impact of the TIF districts, Mr. Hughes said, the reduction will be \$8 million in the county budget if there’s no roll forward. If there’s a reduction in the upgrading millage, they could have insufficient funds, which will then have to come out of the operating budget. The consequences are most severe for the school district, Mr. Hughes said, at a \$12 million shortfall in operations and \$7-8 million in debt if there is no change in millage.

The meeting moved to the first floor meeting room.

BEAUFORT HISTORY MUSEUM - BUSINESS PLAN, BUDGET AND CALENDAR OVERVIEW FOR 2013

Katherine Lang offered a projected operating budget for the history museum if conditions stay the same. They are still awaiting some figures on the Olson bequest and funds from the City of Beaufort, she said. She also provided council with a business plan and a calendar of events in the coming year. They are uncertain when in the spring the Hunting Island exhibit will be, she said.

The September exhibit is the museum's "big push," Ms. Lang said. They are coordinating with the library, the Chamber of Commerce, and Artworks on a look at the Civil War in a particular period. They intend to apply for Accommodations Tax funds to advertise this project beyond the 50 mile radius. Beaufort had the first African American troops in the nation formally recognized as fighting for the union in the Civil War, Ms. Lang said.

The Olson bequest is in probate court, and there's a question of the allocation of the cost of the proceeding; the judge ruled that all of the beneficiaries had to share in the cost, not just the museum. Councilman O'Kelley said the expected receipts are documented, but he asked how the money is anticipated to be used. There was no restriction on the bequest; the city acquired the collection and would apply the money in trust for the purposes of the museum.

Councilman Sutton asked about the planned expenditures and how many of them are annual operational costs. Ms. Lang said that in their current location in the City Hall building, they pay no rent or power, and the city pays for insurance. Councilman Sutton asked how much they would need if things stay the way they are now; Ms. Lang said in that case the operational costs will remain the same.

Councilman Sutton asked her if the museum plans to spend \$5000 in acquisitions. Ms. Lang said they are "pushing a little bit" because the staff is all-volunteer, and they "want to be out there" in terms of exhibits and events. They want to do a membership drive, she said.

Typically, museums are not profit centers and are subsidized by the city or state. "The revenues are not there," Ms. Lang said. Museums bring money into an area, not directly to the museum but "by making a place more enticing to visit or live in." They "hope to become a vibrant part of the community." They want to begin educational programs for adults and children. The museum has been open for 6 months, and they "hope to push to get more people involved."

The museum "did better than break even" on its fish camps exhibit, Ms. Lang said. They are "trying to be smart about pricing" and what they offer. They are also "trying to be something for everyone in the area and to reach out to different communities.

Councilman Sutton asked Councilman Dadson if he could "generate the value of the city in this formula." He feels that value should be in the budget as an in-kind contribution should the museum apply for grants; the city "is clearly a partner." Mayor Keyserling said they also should see what the costs are to protect the city's assets. Councilman Sutton agreed.

Ms. Lang said Beaufort has "a vibrant past," and the museum wants to tell those stories. Mayor Keyserling the "bumpy road" the historical museum has taken. Though "it's kind of embarrassing to pick up the pieces and start again," the museum has done that. He asked what the long-term model for the museum is. Mayor Keyserling asked if there's a vision or if it's too soon; he said that the city had made a two-year commitment. Ms. Lang said that in ten years, if the museum, the city, and the population of Beaufort work together – both private and public

spheres – they “can have something that will be more than just artifacts.” They see themselves “as more than just caretakers of artifacts.” All American history themes have been played out in Beaufort, Ms. Lang said. She said the many elements of history are interwoven here, and she gave some examples. “This tiny place is incredibly important,” she said, and is representative of the entire country; its stories should be told to locals, outsiders, and “our children.”

Mayor Keyserling said one thing that council has done is to “defragment” and create collaboration. Historic Beaufort Foundation does programming, the Beaufort County Historical Society does too, and he asked how that can fit together with what the museum does. Ms. Lang said she would like to continue the collaborations that they have already begun; they have invited collaboration with all the groups Mayor Keyserling mentioned, and the people they are working with are those who have responded to their invitation.

Mayor Keyserling asked if council can do anything to help the museum to facilitate collaboration. Council has “a teeny bit of leverage” via the Accommodations Tax in that council agreed that those who work together will be looked at more favorably in the awarding of grants. He asked about partnering with memberships with Historic Beaufort Foundation, for example. Mayor Keyserling said he wants to know how to best help the museum grow and to determine how to leverage the money the city holds in trust for the museum. He added that he thinks the museum is “the best organized it’s ever been.”

Councilman Sutton said he wants to be realistic: the museum’s board has a lot of work to do. Council wants the museum to succeed, and they “know museums are not money-makers. They “never intended for the city to be curators.”

The Arsenal costs \$45,000 a month to run, Councilman Sutton said. **Stephen Murray** noted that the actual annual cost to run the Arsenal is about \$100,000 a year. Power costs \$3,600 a month. City Hall was not built to have not-for-profit tenants, Councilman Sutton said. He suggested that the museum needs to be realistic in their budget because it will not always be in City Hall. Ms. Lang said they need to generate excitement to get people to invest in the museum, but they also need the investment in order to generate excitement.

Councilman Sutton said the board of the museum needs to ensure that it doesn’t leave its operations manager without assistance. Ms. Lang said they are talking to the Chamber of Commerce and would like to be talking to Historic Beaufort Foundation. They “would love to be in the Arsenal,” though it’s great to be in City Hall, she said, because the environmental factors are in place. Councilman Sutton said that the city owns the Arsenal, and he’s not frightened by the idea of retrofitting the building with mechanical engineering. “Climatizing the building will only enhance and preserve it,” he feels.

EXECUTIVE SESSION

Councilman McFee made a motion, second by Councilwoman Beer, to go into an Executive Session, pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law for a discussion about land acquisition. The motion passed unanimously.

Councilwoman Beer made a motion, second by Councilman McFee, to adjourn the Executive Session and return to the work session. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before City Council, **Councilman Sutton made a motion to adjourn, seconded by Councilman O’Kelley. The motion was approved unanimously,** and the meeting was adjourned at 7:56 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK