

A work session of the Beaufort City Council was held on January 22, 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 meeting to order at 5:00 p.m.

### **BOARDS AND COMMISSIONS INTERVIEWS**

**Robb Wells** was interviewed in regard to a position on the Tourism Management Advisory Committee (TMAC). He expressed why he is interested in serving and Councilman Sutton gave him an overview of the committee's work in the past, particularly as it pertained to the carriage companies and possible visions for the future.

### **DISCUSSION WITH REDEVELOPMENT COMMISSION AND METROPOLITAN PLANNING COMMISSION CHAIRS**

**Julie Franklin** with the Office of Civic Investment represented the Redevelopment Commission for **Jon Verity**, who was ill. At the request of the Redevelopment Commission members, they were asked to put together a schedule for "Beaufortizing" the form-based code, she said. She presented that estimated schedule. Ms. Franklin said the large size of the committee has made it "cumbersome" at times. They have modified with an online review process where committee members can comment and see others' comments. They have also made changes to the meetings to table those issues that can't be addressed in a short time. The final draft will be in August 2013 with a public review and comment process to follow. They have clarified that the maps they currently have are draft maps for clarification, Ms. Franklin said. The committee asked for specific dates to be focused just on mapping.

Councilman O'Kelley, who is a council representative on the committee, said he has been pleasantly surprised to see "the vibrancy of the citizens," their good questions, and that they do their homework. Councilwoman Beer, who also serves on the form-based code committee, agreed and said that though it's been slow-going at first, the schedule should help and should ease any concerns about what the committee is doing. Councilwoman Beer said it will "put it in plain English," and Ms. Franklin agreed and added "and lots of pictures." Mayor Keyserling asked about outreach to the neighborhoods. Ms. Franklin said outreach will be more formal later, but committee members who represent neighborhoods are bringing in comments from their neighbors.

Ms. Franklin provided an update on the Civic Master Plan. They looked at how to implement the vision on the Comprehensive Plan. Council approved Sector One, and there are four more sectors, Ms. Franklin stated. The city manager and staff have a copy of the other four for

review, as does the Redevelopment Commission. There will be a formal public review process to allow comments.

In regard to Boundary Street, Ms. Franklin said they are moving forward and there is a TIGER 3 grant which is “a major part of the road diet on Boundary Street.” They are meeting with the county and the engineers on a regular basis to coordinate the reporting mechanism for the grant, etc. They are a little behind schedule, Ms. Franklin said, and are working to modify the grant agreement with their schedule. Mayor Keyserling asked if they would catch up when the schedule is modified. The county and city are managing, then DOT, then the State Highway Commission, Ms. Franklin said. Mr. Dadson said that the final documents look like they’ll be approved by DOT. Mayor Keyserling asked if the approvals were for permits and Mr. Dadson said yes.

Ms. Franklin said until they have final plans and permits, they don’t know what the new right-of-way will look like. Then “the right-of-way specialist will start being able to make contact” with the property owners on Boundary Street.

They will be moving forward on engineering work for the marina, Ms. Franklin said.

#### **BOATEL UDO AMENDMENT UPDATE**

**Libby Anderson** said a few changes have been made since the packet went out, and she handed those out to council. The Technical Review Committee was asked to review the draft ordinance amendment. The use would be conditional, and the conditions are outlined in the ordinance. Ms. Anderson reviewed the amendments to the specific use standards; they include no more than five rooms per boatel, one boatel per dock, and no more than three in the downtown marina; the vessel may not exceed 100’ in length; one parking space per room, including the manager’s accommodations, shall be provided; the use must be in the marina, not the mooring field; the boat should be situated to allow access to a standpipe for fire safety; the marina manager must provide written approval of the use; the manager must be on-site if more than one guest room is occupied; a management plan must be approved by staff; they must provide written certification from relevant agencies including the Coast Guard; annual Coast Guard inspection; if the ownership of the boat changes, the conditional use permit is null and void; the approval of a boatel doesn’t authorize other uses of the boat such as tours, rental of equipment, etc.; renewal of the business license is contingent on the use’s consistency with surrounding development and uses, and with the implementation of the city’s Master Plan. This decision will be made by the zoning administrator. The owner will be given 30 days notice if there is a decision for non-renewal.

There was a general discussion about business taxes vs. resident taxes. Mayor Keyserling said if there was a maximum there should be a minimum. He asked if the live-aboards now are owners, renters, or sitters. Harbormaster **Rick Griffin** said to his knowledge all the live-aboards are owners. There are now five, Mr. Griffin said.

Councilman Sutton said if there's a maximum of five rooms, he thinks there should be a minimum of three rooms. He asked if they should include the need for each room to have a private bathroom. Councilman Sutton asked if the dock is currently suitable maintenance-wise and in infrastructure for this type of operation. Mr. Griffin said it is. One requirement for B&Bs and short-term rentals is that they have a monitoring system, and he feels the boatels should have this requirement, too. Mayor Keyserling asked **Ted Andrae** about their fire monitoring system. Mr. Andrae said it's not connected to a monitoring service, but there are fire alarms. Councilman Sutton said such a system is required for sleeping accommodations and it can be used with a cell phone. Ms. Anderson said the fire chief didn't feel that it was necessary in this situation.

Councilman Sutton asked if they were requiring or asking for an inspection report. Councilman McFee said it's required. Mayor Keyserling said with any business, the city inspects it during the business license process. Coast Guard inspection could be a condition of business license renewal. Councilman Sutton said he wants to make sure that they have a trigger for a report that is understandable. Mr. Griffin said a pontoon there has to be inspected by the Coast Guard now. Councilman Sutton said each year's report can be filed with the city and something done about any deficiencies.

Councilman Sutton said in this case, this is a touring vessel, and he asked if this limits them from taking the boat out to tour. Ms. Anderson said licensing of touring vessels is a separate process. They would have to get a different license. She said the idea was to make it clear that all boatels can't have boat tours without another license. She said she would clarify the language.

Mr. Griffin asked about the banquet facilities aspect. Ms. Anderson said they are trying to separate the overnight accommodations from other things. Mr. Andrae said they can apply for a different license if they want to do other things. Councilwoman Beer said she doesn't think it would make a difference if they had a few people there for a small wedding. Mr. Andrae said the Coast Guard restricts all the numbers. Councilman Sutton said the allowed uses should be clarified in regard to meetings, catering, and banquet-type activity because other hotels operating are doing that already, though it needs to be monitored. The noise travels on the water, and the most noise complaints in the city come from those around the riverbank, Councilman Sutton said.

Councilman O'Kelley said in regard to parking spaces, one boatel this size would need six parking spaces including one for the manager. Mr. Dadson said they could buy a monthly permit. Mr. Andrae said they deal with the parking people now. Mr. Griffin explained the current procedure with marina parking. He doesn't feel that the boaters have much impact on the parking at this time.

Councilwoman Beer said as long as regulations are followed, she sees no problem with the boatel. She doubts that many people will want to go through all of the regulations to have a

boatel. Mr. Griffin said requiring each room to have its own private facilities will stop 95% of people from trying to have one.

Councilman McFee said they appeared not to want to use kitchen facilities to cook initially. Mr. Andrae said they are an "A" rated facility, but from a business viewpoint, it's better to outsource it to other restaurants. Mr. Andrae said the businesses they have spoken to are willing to bring full prepared meals as caterers for people onboard. Ms. Anderson said the banquet hall is a separate use than accommodations. Ms. Anderson said this has been an issue with B&Bs in the area, "but this is really a separate use." Councilman McFee said he should be able to come in and apply for a temporary permit, so the city knows about it. That way, if there's an incident, they will know about it.

Mayor Keyserling said the more he hears, and the more regulation they need, the more he questions the marina being a marina for people to live on and for transit boats. He doesn't have "a vision of a marina that is a centerpiece functioning this way." Mayor Keyserling asked Mr. Griffin about feedback from people who have their boats there. Mr. Griffin said it's anecdotal, and a couple of boaters have said they would prefer not to see the boatel there. Mayor Keyserling asked if it's about safety. Mr. Griffin said he doesn't see the gate as a problem. Mayor Keyserling said he's not convinced it's the right place for the business yet. Mr. Griffin said most late night problems have been eliminated with the gates and the parking lot problems at night have also abated.

**Eddie Rodgers** said she shares Mayor Keyserling's vision for what a marina is for. She also shares **Erika Dickerson's** concern about boatels being treated equally with short-term rentals. She is also concerned about the fire situation and doesn't know why the fire chief would make the requirements different for those on land and those on water. Ms. Rodgers said she recalled Mr. Andrae saying that they had operated as a boatel in Charleston and Isle of Palms. She wondered if anyone has contacted the managers in those marinas to see what the people living on their boats in those marinas had to say about the boatel and why Mr. Andrae left, if they were successful there.

Ms. Rodgers said she is also concerned about parking at the marina. Mr. Griffin said they are not guaranteed a specific space. They can park in any non-metered spaces. Councilman Sutton said the marina makes an agreement with the park management company for parking. Ms. Rodgers said she was sure someone had said that there are people renting boats now. Councilman Sutton said it's common, but he doesn't know that that's fact; the owner is not always the person on the boat.

**Jeff Thomas** said there was no mention of the Accommodations Tax being collected from boatels. Ms. Anderson said it would be. He then asked if they had thought about legal liability insurance beyond what would come from Mr. Andrae's pocket. Mr. Griffin said he has insurance for anything that happens on the marina property. Mr. Andrae has insurance on his

boat. Mr. Thomas said in his situation, living in his B&B, they are still running a business, and they pay 6% property tax.

Ms. Dickerson asked about short-term rentals – the conditional use vs. special exception matter – in the UDO. Short-term rental owners only get conditional use if they live on the property, and short-term rentals are not allowed to use signs on-site. Mayor Keyserling said the difference is that not all short-term rentals have someone on-site, but with the boatel, someone is on-site, and in this case it's the manager because there are multiple rooms. Ms. Anderson said in regard to the special exception vs. conditional use debate, since the marina is commercial, staff decided on conditional use. The distinction is dependent on the zoning district, and the marina is more commercial.

**Joe McDermott** asked if, at one parking space per room, a parking space on Bay Street would count. Also, in regard to insurance, if a street-level hotel is required to have it to get a business license, he asked if it is required of a boatel as well. Mayor Keyserling said as a landlord, the leases all require that tenants have liability insurance to cover the owner. Mr. Griffin said it's the same on the dock, and the marina and City of Beaufort are both required to be on it. Anyone in the marina is protected, Mr. Griffin said, whether it's a boatel or not. Ms. Anderson said parking on Bay Street would not count; it would on lots. Councilman Sutton said that it doesn't apply to metered spaces.

Mayor Keyserling asked Mr. Griffin if he thinks it changes the character of the marina to have a commercial business operating there. Mr. Griffin said it's "always been laid-back," but "marinas do whatever they can to generate income." It's not for live-aboard customers exclusively. Other marinas that are fully operational have much more activity than this one does. Mayor Keyserling said this is for lease and those aren't. He thinks the next issue could be someone who wants to run a restaurant on a boat in the marina. Mr. Griffin said a restaurant would have too much activity, and certain activities will bring too many people down there and increase the marina's exposure. He thinks there should be more activity and things going on than they have now, just with people using their boats.

Councilman Sutton said he agrees with Mr. Griffin, and he hopes to see the marina be a commercial activity center. Mayor Keyserling said there's a difference between "a functioning marina and one where people tie up for commercial purposes." Ms. Anderson said it's a matter of the business being water-dependent, whereas a restaurant wouldn't *need* to be on the water to function. Mr. Dadson said he's seen many restaurants on boats.

**Fred Mueller** said he has a boat at the marina, and he'll use the shore facilities. He asked what the process is for a boatel for sanitation. Mr. Andrae said there's a Coast Guard-approved system for treating waste with chemicals. The Coast Guard comes onboard once a year and checks everything, Mr. Andrae said.

Mayor Keyserling asked Mr. Mueller his thoughts about the impact of this on the marina's character. He said his boat's downwind from the boatel, and he hopes "the cleats hold." Mr. Andrae said he doesn't have much trouble with breaking loose. Mr. Griffin said it's happened with small boats. Mr. McDermott said that in the 1980s, kids tied inner tubes together and got pulled out to Parris Island and had to be rescued. He added that he thinks the boatel is "a neat-o idea."

Mr. Thomas said they "don't need any more hotels." Mayor Keyserling asked if it's council's will to move this forward, and there was general concurrence.

### **SECOND QUARTER 2012 FINANCIAL REPORT**

**Kathy Todd** reviewed the assumptions that were made: the measure is inexact because it's 50% of the adopted annual budget. Any significant variances that were greater than the period to date by more than \$20,000 are described. Other assumptions are that major revenue sources are typically not recognized until the third quarter of the fiscal year. The property tax bills are out and the bulk of them come in in January, which is after this quarter on which she's reporting.

Ms. Todd showed the combined balance sheet as of 12-31-12. The Beaufort Museum has a trust fund from the distribution of the Olson Trust, and that money is set aside. Cash is healthy, Ms. Todd said. It's on a modified accrual basis. She showed revenue and expenses for the first half of the year. The General Fund has a shortfall now, but that should be remedied in the third and fourth quarters.

Ms. Todd showed how budgeted expenditures were earmarked among the city departments and actual expenditures. The variances are "not huge," she said, and the number of pay periods can drive those differences. The street sweeper will have an impact on that, for example.

Ms. Todd went on to show the General Fund budget in comparison with the actual budget in revenues and expenditures. She showed where the city was in 2012 in comparison. They are in the same place from a revenue standpoint, which shows they are on-target with where they were last year in terms of revenue. She said there were no significant variances. All departments are on-target with expenditures. The HR Department was combined with the city manager, and then they were split out, as was the Office of Civic Investment which became a new department in 2012.

Ms. Todd showed a historical expenditure comparison at 50% of each fiscal year from 2010 to 2013. There are not a lot of differences, she said. In regard to historical revenues, property taxes, owing to the base that had been going into TIF 1, is now going into the General Fund because there's no more TIF 1. There was peak in FY2013. In regard to property taxes, Councilman McFee said the peak is in April.

Accommodations Tax and Hospitality Tax are “on the money,” Ms. Todd said. She detailed salaries and benefits by department then showed the same information in a chart format. She showed a historical comparison of this for the last 4 years. In 2010, it was 60.4% of the total budget, and in 2012, it dropped to 58.9% and now is 56.9%.

Ms. Todd said financial indicators are good. Councilman Sutton asked about property tax and the future potential of what the county is doing. He asked if they are able to drop 4% when the county increases by 4%. Mr. Dadson said the answer is complicated, and in February they will talk about CIP, BIDs to replace the TIF, and they need to understand the assessment well. They might want to ask the assessment office to come in and explain how they do it; city to city there is a lot of variation.

Councilman McFee said the preliminary discussions were helpful, and the shift in the reassessment was weighted more heavily on the northern side of the county than the southern. Mr. Dadson said South of the Broad has traditionally had a higher market and tax value. In the next assessment, this will be reversed. Prices fell dramatically since the last South of the Broad assessment. North of the Broad has been stable for a long period of time. An assessment is done in the aggregate. Whether it is fair in terms of exact value for a rate is a good question to ask, Mr. Dadson said. The city has done a lot of things on the cost side of the balance sheet to put itself in a decent position.

#### **INDEPENDENCE FUND – LDW3 ABATEMENT OF FEES REQUEST**

Mayor Keyserling said this is an ask for additional funding for expenses over what the city has funded for this group in the past. Mayor Keyserling feels a contract is a contract, and he hopes they are invited to the marketing summit. **Ivette Burgess** said they are on the invitation list. He feels after 3 years they will be in the process of looking for partners and might be able to go to hotels for corporate sponsorships. Mr. Dadson said they are not treated any differently than anyone else who uses the park. Council has given them Accommodations Tax dollars in the past to supplement. Councilman McFee said their expectations of the event’s structure and the costs associated with it should have been realistic; all the costs were discussed with them. Ms. Burgess said they were told there would be a cost, but she doesn’t know the cost at the time for Public Works, the Police Department, etc. Mayor Keyserling said if they were involved earlier and better organized, it would be easier to give them that information about potential costs. He hopes that’s been communicated to them.

Ms. Burgess said the city was told volunteers would do a lot and when they didn’t, city resources had to be used. Mayor Keyserling said it sounds like a lack of organization. Councilman McFee said he thinks staff has done a good analysis. Councilman Sutton asked if council needs to debate this in public and if it needs to be on the agenda. Mayor Keyserling said they were invited and he doesn’t feel they have to vote to reconsider, which is what the Independence Fund is asking them to do. Councilman O’Kelley said if they want to be heard, they can ask to be heard.

Councilman Sutton said this has happened before: groups are shocked at the costs when they have a public event. He asked how they can be better prepared to tell people the costs. Mr. Dadson said it's driven by how many people show up. They give them parameters for all elements. Ms. Burgess said she sat with Mr. Clark and Mr. Newman when they received the bill and broke it down. The rate for the police doesn't change. Mayor Keyserling said they knew what they were buying, and that's the nature of the contract. Councilman Sutton said they could give hourly rates for everything the city provides like they do for police. Mr. Dadson and Ms. Burgess said "that's all in the park contract." Mr. Dadson said the traditional festivals are more experienced and know that. Ms. Burgess said the assistance of another organization fell through, in their defense. Ms. Burgess said no payment has been made to date.

There being no further business, the meeting adjourned at 6:56 p.m.

A regular meeting of the Beaufort City Council was held on January 22, 2013 at 7:00 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, 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 7:04 p.m.

### **INVOCATION AND PLEDGE OF ALLEGIANCE**

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

### **PUBLIC COMMENT**

Mr. McDermott congratulated the council people who won their seats. He said he'd spoken to council at a previous regular session and had said "the country was founded on fairness," but "country" was mistakenly entered as "city" in the minutes of that meeting. He asked to have that corrected.

### **MINUTES**

The minutes of the work session and regular meeting on January 8, 2013 were presented to council for review. **Councilwoman Beer made a motion, second by Councilman McFee to approve the minutes as submitted. The motion passed unanimously.**

### **AMENDMENT TO FY 2013 BUDGET**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the amendment on first reading.** Ms. Todd said this is the first reading on the fourth budget amendment to the 2013 budget: repair to the sound system in the municipal courts building. They had similar problems to those in the City Hall and they have secured quotes and decided to use the same vendor used in City Hall. They have requested a supplement to their budget to pay for this. It will go against an unexpected insurance reimbursement, Ms. Todd said.

The Planning Department had an old Crown Victoria that was not drivable or reparable, so the Planning Director approached Ms. Todd and Mr. Dadson about another vehicle. They researched the matter and settled on a car that is gas-efficient and safe. They have committed fund sources and the increase will be by \$20,354 to come out of the committed Fund Balance.

The third item has to do with the Police Department. They had a vehicle in an auto accident that cost more than \$10,000. The money will be reimbursed by insurance; the revenue and expense will be a wash.

Fourth, the Police Department sold old vehicles that couldn't be driven for \$6000, and they would like to use that money to purchase other vehicles. **The motion passed unanimously.**

**MOTION TO AUTHORIZE PARTICIPATION IN THE SC LOCAL GOVERNMENT INVESTMENT POOL AND AUTHORIZE THE FINANCE DIRECTOR, CITY MANAGER AND CITY CLERK TO MAKE INVESTMENT TRANSACTIONS WITH THE LOCAL GOVERNMENT INVESTMENT POOL**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the authorizations.** In researching investment income, Ms. Todd said, they realized that they are earning little or nothing, and in the pool, which can leverage better, this authorization would allow them to invest in the pool if that opportunity arises. Authorization for who can do this has to be included in the resolution. **The motion passed unanimously.**

**RESOLUTION TO RELEASE COMMITTED FUNDS FOR VEHICLE AND EQUIPMENT**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the resolution.** This releases committed funds for that purpose mentioned above for the vehicle. GASB requires a council resolution. **The motion passed unanimously.**

**RESOLUTION COMMITTING FUNDS FOR A COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT (CDBG)**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the resolution.** The Department of Commerce has invited the city to apply for additional funding for Duke Street Phase 2. As part of the application process, the state requires a council resolution supporting the application; it commits the city to the 10% local match. Ms. Todd has assured Ms. Anderson, she said, that that 10% match will be available.

Councilman O'Kelley asked how many blocks it will cover; Ms. Anderson said it will be from Harrington to Charles, so three blocks. Councilman Sutton said the CDBG grants have been related to infrastructure improvement under the Renaissance plan and then in subsequent years they had done home improvements. He asked if that will be available again. Ms. Anderson said CDBG has been revamped, and the focus has changed to infrastructure and community development. They can do housing as a subset of Village Renaissance, which is what this is, but the streetscape takes up most of the budget, which is an important issue in the Lowcountry. They doubt money will be available in this project for housing, but they are always looking for sources of funding for that. **The motion passed unanimously.**

**MOTION TO CANCEL FEBRUARY 12, 2013 WORK SESSION AND REGULAR MEETING AND ALLOW SPECIAL MEETING ON FEBRUARY 19, 2013**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the cancellation and allow the special meeting.** The municipal association is having a meeting in Columbia, and the council is going. Councilman O'Kelley asked if the special meeting would be a regular meeting and a work session. Mr. Dadson said it would. **The motion passed unanimously.**

### **MAYOR'S REPORT**

Mayor Keyserling thanked Ms. Burgess for a great event for the Beaufort 300.

He announced that on January 26 at 10 am a marketing summit will be held.

TWEAC has hired its first employee, and Mayor Keyserling met with someone at the hospital who will look for roles that could be filled there. The military coordinator will meet with the HR representative at the hospital.

There is not a representative on LOCOG from the city, Mayor Keyserling said.

### **REPORTS BY COUNCIL MEMBERS**

Councilwoman Beer said the MLK and Beaufort 300 celebrations were well done, and she feels it should be submitted to the municipal association. Councilman O'Kelley added that last night on Channel 3, "Jim Gibson explained what it was all about."

Councilman McFee echoed the congratulations to staff and the committee of the Beaufort 300 and for the youth orchestra that performed. He said he'd attended the CAPA annual meeting. Their annual report is out. **Shaun Chin Capps**, Executive Director at Hope Haven, got a grant for a parent interaction training course for the area they service. They record parents' skills with their children, and he said "it's a kudo to have been awarded this" because very few are awarded.

### **EXECUTIVE SESSION**

**Councilman O'Kelley 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.**

**Councilman Sutton made a motion, second by Councilwoman Beer, to adjourn the Executive Session and return to the regular council 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 8:34 p.m.

ATTEST: \_\_\_\_\_  
IVETTE BURGESS, CITY CLERK