

A work session of the Beaufort City Council was held on January 8, 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.

AMENDMENT TO UDO PERTAINING TO CONSERVATION PRESERVATION DISTRICT, SPECIFICALLY A BOATEL

Lauren Kelly said the proposed use is a floating hotel on a boat in a Conservation Preservation District; this amendment would allow overnight stays in the boatel. Staff's concerns about the project are whether this is an appropriate use of limited marina space and if it should be a by-right or special exception use if this is permitted. Staff recommended that it be a conditional use with 11 different conditions, which Ms. Kelly listed. The Redevelopment Commission's concern was that if the marina changes in the future, this may not be a compatible use, and the city should have the opportunity to change that. Public comments were received, Ms. Kelly said and council has copies. The Planning Commission voted 4-1 to approve the amendment as proposed.

Some council members were unable to open the PDF that was sent to them about the proposal. Mayor Keyserling said that as in the discussion of short-term rentals, which he feels this is similar to, it was not a discussion "about the boat or the owner." There's a framework for the zoning and development ordinances that is the frame of reference for making such a decision, Mayor Keyserling said. He feels it's about the city's zoning regulations, like the short-term rental matter was.

Ted Andrae, the Charlestonian's owner, said he feels the boat will be a positive asset to Beaufort. There are few places that someone can spend the night on the water. They have been doing this for many years and have been controlled by the Coast Guard; they built the boat to the Coast Guard's specifications. Mr. Andrae said it will not make a big imprint in the area but will bring people to Beaufort to use it. The area restaurants are interested in being involved with the project. They will not be preparing and serving food on the boat. They will be happy to participate in community events, Mr. Andrae added.

Councilman Sutton said that decisions are being made about allowing accommodations in the Conservation District, and this may be a way to make the waterfront district more vibrant. The

concerns of the public need to be explored, Councilman Sutton feels. It's against the code now to have boats that are live-aboard, though there are people known to be living on the private boats now. Councilman Sutton said they should compare this with other rental activity in the city. He described the provisions to have a short-term rental. If the use of the waterfront will be increased with this boatel, they need to consider things like parking and other economic factors as well as use. Councilman Sutton would be opposed to opening this up to use in the mooring field. He feels the boatel needs to be tied into emergency services and the fire department; they should be educated about maritime issues.

Councilman Sutton said it's a tour vessel, and the use is being changed to a more fixed platform. Councilman Sutton asked what regulation needs to be made for a tour vessel to moor. Councilman O'Kelley said that other tour vessels are transient. Councilman Sutton said he'd like to know if it would help Mr. Andrae for the boatel to be considered as a cruise ship is, for example. He doesn't want a boat moored at the docks and unable to leave because it's mechanically unable. He would like an annual inspection to ensure that it can get underway when necessary. He said public comments have included one saying that if this is approved, they would bring in a barge with campers on it because that would be legal if this boatel is. Councilman O'Kelley asked Ms. Kelly if there is a length limitation. Ms. Kelly said she was unsure. Mr. Andrae said his boat is 83'-93'.

Mayor Keyserling asked if "the highest and best use of the asset" of the marina is "to permanently sublet to a business a piece of that asset." He said the tour boats mooring there and on-loading and off-loading people are different than when a city's asset becomes something other than a place for the city's and area's residents to use. Mayor Keyserling asked if a hot dog stand at the end of the marina would make sense. He said the marina is not marketed or maintained as well as it should be, and the economy is tough. He wonders if they "are changing a fundamental purpose of the asset."

Councilwoman Beer asked why this project is any different than putting in a structure to rent out kayaks on a public property, as is proposed with the water sports center. Councilman Sutton said that this was a good point. Mayor Keyserling said the Redevelopment Commission is discussing that in terms of building out that end of the park to an individual working with other businesses in the area. Councilwoman Beer said it's not that different to her than the water sports center is.

Councilman O'Kelley said that they have recommended no more than six boatels, and Councilman O'Kelley and Councilwoman Beer agreed that they could limit it to two or three. Mr. Andrae said **Rick Griffin** has said he's never had any requests for boatels before.

Mayor Keyserling said Mr. Griffin had come to the city about security issues at the marina, and the public is dissuaded from going out on the docks; Mr. Griffin, the marina manager, requested that they put up gates. Councilman McFee said any transient boater gets a gate code when there.

Councilman O'Kelley asked Mr. Andrae how Charleston handles the boatel. Mr. Andrae said Charleston was fine because this didn't come up, but this is a restricted area, unlike in Charleston. Mr. Andrae said they were in the city marina on the Ashley River in Charleston. He said they pay for the space, and the city receives income daily regardless of the number of people staying there. Mr. Andrae said Mr. Griffin "feels like you can't stay there unless he permits it," so Mr. Andrae would have a contract with Mr. Griffin because Mr. Griffin runs the place where the boat is located and can make rules to keep it operating and under control. Mr. Andrae said any marina that they have been at is the same.

There was a discussion about what the public complaints were. Councilman McFee said parking was brought up. Councilman Sutton said a hotel owner expressed concern that, to be fair, the costs of operating in the city should be the same. Councilman McFee said that they would have to pay all accommodations taxes. Councilman O'Kelley said they would get a business license and pay all taxes. Mr. Andrae said it pays county taxes in Orangeburg Co and is registered in Charleston. He said the boat moves. There ensued a discussion about property taxes on boats based on their origins.

Councilman Sutton said because they offer tours, Mr. Andrae could operate as a tour operator, but being a boatel is different. He said liability and security issues need to be addressed by staff and emergency personnel. In regard to liability, if a guest from the boat falls on the dock or if someone falls off the boat, Councilman Sutton asked what the legal liability is to the marina owner and to the city. Mr. Andrae said they have liability insurance in place now, but he didn't know the details of it. Councilman O'Kelley said the city and marina "would have to be included as a loss payee." Mr. Dadson said they will ask Mr. Griffin because Mr. Dadson believes that is in his purview. Councilman O'Kelley said they need to ensure that the city is covered in a lawsuit.

Mayor Keyserling said the goals of the Conservation Preservation District are the preservation and control of development in certain land, marsh, or water areas of the city. The ordinance says encroachment by certain uses is prohibited. Councilman Sutton said that's general language in the ordinance, and if they want to do this, they want it in an enterprise zone that has been in place for 50+ years. Councilman O'Kelley said it doesn't change the character of the area because it's a boat. Councilman Sutton said that generic text seems not to fit this case, "but if you're talking about a boat in a marina, that's where it's meant to be." Councilman

O'Kelley said there will never be a pleasing solution for everyone. In the Charleston historic district, mega-cruise ships are allowed.

Mr. Dadson said visual, noise, and environmental pollution were mentioned a public concerns. Councilman Sutton said communities have to deal with house boats taking up mooring space all over the country. But Beaufort wants a more vibrant waterfront and "not to be a pass-by anymore." If the vessel is to be used for accommodations, it must have a bathroom in each suite; this is a significant enterprise. The length of the vessel must be regulated and have a Coast Guard inspection annually, Councilman Sutton said. This will rule out 40% of applicants each year who can't pass this sort of rigorous inspection. These are the types of regulations, he suggested, that will keep down the number of people who would try to have boatels as well. Councilman Sutton said he has no problem with people staying downtown on a boat, but he doesn't want to see six of them, he doesn't want to see them in the mooring field, and he doesn't want to see any bigger than Mr. Andrae's, but the vessel does look like it fits in the marina well.

Councilman Sutton said the profit margin potential will also dissuade others from bringing in boatels. Councilman O'Kelley said he thinks council should instruct staff to work toward these "speed bumps" about size and number. Councilman Sutton enumerated them: limit the size and number of boatels, look at the bathroom requirement. Mr. Andrae said there is a minimum number of rooms with baths to keep down little boats that will come into business. Councilman O'Kelley said they can stifle competition by limiting boatels' numbers. Councilman Sutton continued with Coast Guard inspection and the monitoring of life safety issues. He asked Mr. Andrae how they communicate to shore if a smoke alarm goes off. Mr. Andrae said they have a required bell and a speaker in each room. They also have a fire bar system in the boat that is triggered by fire or smoke, and it cuts off the engines and gas. The captain can then override it if need be. Mr. Andrae said they could install a monitoring system like that required for short-term rental houses. Mayor Keyserling said a security system can work on a cell phone. Councilman Sutton said staff should mesh the short-term rental and accommodation requirements and see if there's anything they have missed.

Councilman Sutton said in regard to parking, Mr. Griffin rents a number of spaces and asked what happens if those fill up. Mr. Dadson said they would have to buy a parking pass. There was a general discussion about the parking in the marina lot. Mayor Keyserling said the issue would be worked out between the operator and the marina manager. Councilman O'Kelley said that's another reason to limit the number of boatels. Mayor Keyserling said to him the issue is a larger one than about parking. He suggested that Councilman Sutton should work with staff to collect the data about public concerns.

Maxine Lutz asked how this is different than the carriage drivers who have to bid on spaces to operate and the limit to the number of companies. Mr. Dadson said the city wholly owns the marina, while the carriages run on public streets and they are not prohibited here. The bidding is for a permit to operate on the street.

Councilman Sutton said they also need to discuss the frequency of the license renewal. Councilman McFee said this is in the staff provisions already. Councilman Sutton said Mr. Andrae said if there's a restriction where the license can be revoked, he'd rather come to council for it than a single arbitrary person making the decision. Mr. Dadson said it's not arbitrary when the city manager pulls a license, and the appeals are to council.

Ms. Lutz said there's an ordinance limiting the number of B&Bs that can be in proximity to one another, and she wondered if this applies to the boatel. Mayor Keyserling said it's not a B&B because they will not serve food. Councilman Sutton said that ordinance may need to be revisited because it could be outdated.

Edie Rodgers agreed that there may be boats in the marina now that are being rented out without a business license. Ms. Rodgers said the number of people who live on their boats should be known. **Erika Dickerson** said she thinks the boatel should be under the same rules as short-term rentals are. Short-term rental owners "invest in the city and pay for that pleasure," so while she and her husband support this, she feels it should be a special exception as opposed to conditional "to even the playing field" with short-term rental owners.

David Tedder said this is a combination of zoning and business license matters which may mean that they may require changes in both of those, not just in zoning.

STATE INVESTMENT POOL

Kathy Todd said the city was involved in the State investment pool, aka the Local Government Investment Pool (LGIP) until approximately 2008 or '09 but pulled out because the rates being paid weren't as competitive as at other institutions. But recently she has looked at where the city's cash is invested, and the rate of return, which she described as "sad." Fees are being paid on accounts, and the interest earned doesn't cover those fees, so she has been looking at other possibilities. The LGIP keeps coming up. They pay a daily rate and have several options. This would not commit a dollar amount but will give staff an avenue if it's beneficial to the city. CDs and money market accounts are other options, Ms. Todd said.

Councilman O'Kelley asked if the rate can change daily, and Ms. Todd said yes, and it's higher than most banks which are .25%. This pays between .5 and .75%. Ms. Todd said unlimited FDIC coverage went away January 1st. Mayor Keyserling asked who operates the LGIP; Ms. Todd said the State treasurer does, and all governments in South Carolina can participate in it. Mayor

Keyserling asked the down side; Ms. Todd said the interest rates and collateralization are behind her reasoning, and the banks where funds currently are “can’t collateralize an infinite amount.” Councilman McFee said the fees are less than or equal to the banks’, and the interest rates are greater, so they have will have greater protection and collateralization. Ms. Todd said the application is restricted to certain individuals and a specific account, so it can’t be withdrawn except into a city account.

There being no further business, the meeting adjourned at 6:06 p.m.

A regular meeting of the Beaufort City Council was held on January 8, 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 7:01 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

Merritt Patterson, 317 Laurens Street, said he wanted to discuss economic development and infill development in the city of Beaufort, specifically in Burton. The Beaufort Senior Leadership program has an annual economic development day, and he has been asked to speak on the economic development in Burton. Mr. Patterson said that while preparing his remarks, he felt it would be inappropriate for him to speak on the matter "because the issue is a community issue." So he thought he should engage the city and put together a presentation on what Burton is. He could show a loan plan that he would produce for a potential customer. Lowe's and Wal-Mart and others in that area are the major income producers in Beaufort. "The future there is already paid for," Mr. Patterson said. There are approximately 700 acres ready for development in that area. He thinks it's a growth potential area that already exists; positive activity is happening there now without much input from the city or consultants bringing that business in. He asked for city support for his presentation and as a springboard to bringing in more economic development in the area.

Councilman Sutton said there was sector planning in the city, but the Burton area was the focus of local government at one point. He suggested Mr. Patterson work with the Redevelopment Commission "to focus some energy in Burton." Mayor Keyserling said Burton could be incorporated. Mr. Patterson said it's already in the city. Mayor Keyserling said the focus on the area has stopped within the Redevelopment District. He asked if the property owners there have gotten together, and Mr. Patterson said they have met with him, but "they're a distrustful group." Councilman Sutton said that the area to him "is under-marketed, not overlooked." The commercial sector pays the majority of the bills, not the private sector. The fringes of that area are developing on their own, but there's so much more potential out there, he said.

Mayor Keyserling and Councilwoman Beer worked with the car dealerships that have come in recently, Mayor Keyserling said, so he wouldn't say it's been totally overlooked.

MINUTES

The minutes of the work session and regular meeting on December 11, 2012 were presented to council for review. Councilman O'Kelley said under the phrase "the quid property quo of the line exchange" should read "the quid pro quo of the property line exchange." **Councilwoman Beer made a motion, second by Councilman McFee to approve the minutes as amended. The motion passed unanimously.**

The minutes of the special meeting and work session on December 18, 2012 were presented to council for review. Councilman McFee said on page 2, Kathy Todd was referred to as "KT." **Councilwoman Beer made a motion, second by Councilman McFee, to approve the minutes as amended. The motion passed unanimously.** Councilwoman Beer abstained from voting because she was not present at the meeting.

MOTION TO CONSIDER MOVING FORWARD WITH THE FISCAL YEAR 2013 ATAX GRANT APPLICATION PROCESS

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

Councilman Sutton said they have put the administration of the funds on hold until they could get recommendations from various parties. He feels that as much homework has been done as possible in regard to accounting and procedure. Council has also aligned itself with the DMO more closely, he feels. Councilman Sutton thinks "it's time to test this theory."

Mayor Keyserling said the proposed process is to hold a second marketing summit for everyone who attended the first as well as for others who market Beaufort to an area outside a 50 mile radius. "The DMO will outline the framework of where they are going this year," Mayor Keyserling said, and that there will be four major categories of grants. TDAC will judge the applications as to whether or not they fit within the four areas' framework and also the level to which they are creative in terms of collaboration and initiatives among different groups. It will be a trial run at the new process with the understanding that it's new. Mayor Keyserling said he agrees with Councilman Sutton, and it will be a learning experience, even if it's not perfect.

Councilman Sutton asked the next step if this is agreed to tonight. Mayor Keyserling said it will go back into TDAC's hands and the marketing summit will be January 26. **Robb Wells** said the end of February or beginning of March is **Jeff Evans'** goal date for getting the application packets out with the approval of the rest of TDAC. **The motion passed unanimously.**

REPORTS BY COUNCIL MEMBERS

Councilwoman Beer said she was in an "amazing" conference in NYC with the Red Cross, and she offered figures of the group's accomplishments. She helped put together meals and encouraged others to participate in such volunteer efforts.

Councilman Sutton said **John Gadsden** had passed away and suggested reflection on a man who was an important contributor to the community.

ADJOURNMENT

There being no further business to come before City Council, **Councilman O’Kelley made a motion to adjourn, seconded by Councilwoman Beer. The motion was approved unanimously**, and the meeting was adjourned at 7:24 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK