

A work session of the Beaufort City Council was held on April 9, 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.

### **DISCUSSION ITEMS: CONTINUED DISCUSSION REGARDING CAPITAL IMPROVEMENT PROJECTS (CIP) – OVERVIEW OF PROJECTS, FUNDING AND TIMING**

**Kathy Todd** said this was a closer look at the sectors continued from last week in regard to establishing budget priorities and creating an implementation of budget priorities.

**Sector One:** Ms. Todd showed the projects in this sector. The two grant-driven projects are the mooring field and the Duke Street Streetscape. She indicated that the TIF1 dollars could be spent on the mast arm and the Arsenal HVAC replacement. The total project costs are nearly \$6 million total, and she broke down where the funds could come from.

Councilman O'Kelley asked what the "banner area" was on the project list. Mr. Dadson explained that it's the space at Bay Street and Ribaut Road where banners are currently hung. Councilman O'Kelley asked what the money would be spent on for Open Land Trust land. Mr. Dadson said to put the banners from "up top" to a more permanent structure in a sign stand. It's sat in the "planning" area - not as a budget item - for six years, Councilman Sutton said.

Ms. Todd said the second column of her chart is the Civic Master Plan Sector cross-reference. Mayor Keyserling asked about the money for streetlight replacement. Ms. Todd said it's a reserve fund. Mr. Dadson said in the current fiscal year budget, the streetlights are an item.

**Sector Two:** These are three sewer and drainage projects.

**Sector Three:** Of the projects in this sector, the Mossy Oaks Fire Station and Allison Road have funding.

In regard to Sector One, Ms. Todd reviewed the revenues generated within this sector. Sector One includes the TIF 1 district which has ended, and all attempts to extend it were unsuccessful. With reassessment happening soon, the impact on revenues is unknown. Ms. Todd showed additional revenues generated within Sector One and costs of supporting services within the sector. As revenues shrink, they will have to determine how to address service delivery levels to keep them in line with service delivery as in the past.

South Carolina legislation allows for the city to create Improvement Districts, which are areas within the city so designated by city council through adoption of an ordinance or through a written petition of the majority of owners of real property in the indoor who are not exempt from ad valorem tax.

Another revenue option is a Business Improvement District (BID), which is an area in which businesses pay an additional tax or fees to fund improvements in the district's boundaries. These enhance, not replace, city services. An outsourced property management firm generally provides these services.

Municipal Improvement District (MID) improvements can include parks and playgrounds, construction on streets, roads and bridges, any building or other facility for public use, public works projects that are eligible for funding, and services or functions the city provides that are in accordance with state law.

Councilman Sutton asked about the \$795,000 shortfall in Sector One and how comfortable staff was with the expenditures the departments had requested. Mr. Dadson said they are fairly sure that "these are pretty good ballpark costs to do that." He doesn't think the shortfall will be that much different than \$795,000. Councilman Sutton said if the budget were done for Sector One, it is really being sustained by the other sectors in the city, which is something that was not known until recently. If two line items were taken out of there – solid waste and right-of-way maintenance – it could balance. Mr. Dadson explained what the solid waste cost was. Ms. Todd said "solid waste is a wash." Councilman Sutton said he realizes that it's a subsidy.

Mr. Dadson said per sector, one can analyze, but it "takes the whole city to be a redistributive model of governance": some pay more than others, and not everyone utilizes every service. Also, Mr. Dadson said, as the other sectors are added in, some will produce a lot of revenue and others will not. Mr. Dadson went on to explain that they wanted to understand the barriers to improving the position of Sector One and to "understand the size of the whole and get it more even in terms of approach."

Councilman Sutton said he wants to get his hands around the numbers: solid waste is subsidized and "should be 1 for 1." Stormwater drainage is upside down – Mr. Dadson said "that can be a moving number" – Councilman Sutton said 6-8 years ago they had asked for a Grade A park at the Waterfront. Ms. Todd said sustaining the aesthetics is an annual cost. Councilman Sutton said there is no longer a TIF district that was subsidizing the park.

Councilman Sutton said when they do the budget, they need to look at what the city is paying for that others should be paying for, rather than looking at a BID, for example. Sector One will be subsidized by the rest of the city, Councilman Sutton said, so the numbers, while not alarming, show clearly, if they're accurate, that the city is paying for some things it shouldn't be paying for.

Mr. Dadson said MID relates to a sector. It could be broken down by the types of service provided as with parks or roads. The other revenue discussions will show a devaluation perspective that will be faced for 5-7 years and flat business license revenue. Ms. Todd said the effects of the reassessment will last longer than that.

Mayor Keyserling said he feels it's unfair to dump the whole of Waterfront Park on Sector One. There was a discussion of parks and open spaces. Mr. Dadson said that while it's not fair, getting to it requires one to go downtown, which is different than other parks in other places in the city.

Councilman O'Kelley said he believes the local option sales tax needs to be pursued. Mr. Dadson said it provides tax relief for the property owner. He said that when these are broken down by sector, they divide them into parks, streets, etc. It can be broken up in all kinds of ways, he said; this was designed to show the Redevelopment Commission how much needs to be infilled and where.

Mayor Keyserling asked if the Office of Civic Investment ever figured out the 40% vacant space, what's residential versus commercial, and what it might generate. Mr. Dadson said they did and showed over a long period of time what could be potentially filled in. Ms. Todd's analysis was 1,942 lots, and the Office of Civic Investment plan showed a potential for 2,200 which could be added to that "over a long period of time." Mr. Dadson said staff is taking the Civic Master Plan and tying in operations plans with it.

Councilman Sutton said he's seeing the private sector step up, but it may not be enough. Mayor Keyserling said he doesn't think a BID is doable because business and property taxes now are already so high for those who own property in Sector One. Mr. Dadson said there could be a collective understanding on the part of businesses in a sector for small activities. Carteret Street, he said, is a success story, and there are potentially others out there such a Boundary Jr. Councilman Sutton said that fewer than 50% of the properties in Sector One that have someone in them. Mr. Dadson said "the retail mix in that area needs to be conducive to bumping it up." The tourist trade and those who come to visit downtown businesses and restaurants are required. If 588 4% properties of the 1,842 parcels change with more people living in Sector One, it would make a significant difference.

Mayor Keyserling said in this Sector One, residential could pay for itself. Mr. Dadson said the fixed costs would change, but in relationship to the revenues coming in. "There is potential for success in this district," he said. Councilman Sutton said they have pushed for development in that sector for years to entice commercial vertical growth which hasn't happened, and now the focus on the residential side is the driver; he thinks that's right for Sector One, as the rooftops will drive the retail.

Mr. Dadson said the building permit data is more than houses built: it shows houses rehabbed, etc. to indicate that they are maintaining their assets. The marketing study on retail showed

that there was slack – more retail space than customers to drive filling all the space – so the city needs “to drive a lot of rooftops to fill it or get tourists where the downtown has to be the only place to go for what’s there.” The walking traffic to these places has been replaced with the tourists. The BID, Mr. Dadson said, is not as good of a revenue option as they had first thought.

Councilman Sutton asked about the Arsenal building, which is in need of infrastructure improvements, and it’s proposed for those improvements to be budgeted. Councilman Sutton said the building is used for tourism, but there’s not a line item in the budget to maintain the building, “which has to be there for the long haul.” He feels it’s important to look at other revenues for The Arsenal, such as an annual line item in the Accommodations Tax.

Mr. Dadson said “if there’s no rent coming in, then money should be coming in.” Something needs to happen, Councilman Sutton said. Mayor Keyserling said the Chamber of Commerce is the marketing arm. Ms. Todd said the Visitors’ Center money is different than the Chamber of Commerce’s, which is owing to the Chamber working in the Visitors’ Center. Councilman McFee agreed, saying that there’s a difference between what money is used for the Chamber of Commerce versus the money used for the Visitors’ Center. Councilman Sutton said absent the Chamber of Commerce running it, they would still need the building to be maintained.

#### **NATIONAL FLOOD INSURANCE PROGRAM CHANGES**

**Libby Anderson** said flood risks are changing, and federal insurance rates will reflect that. Most subsidized rates for older properties will be eliminated. In Beaufort County, there may be more than in other places. Subsidized rates are for those built before 1977 and built below the base flood elevation and may be more than 20%.

The subsidies are being phased out: first at vacation properties and business properties that are in the flood zone. Any new policy will be insured at the full risk rates and have no federal subsidies after the sale of a property, a lapse in insurance coverage, substantial damage or improvement, and properties which were previously uninsured. Grandfathered rates are planned to be phased out over the next 5 years. Currently the rate increases are capped from 10% to 20%, Ms. Anderson said. CDBG funds can be used for flood insurance education.

Vacation homes will increase 25% per year until they reflect the full-risk rate. Commercial structures built before 1977 and that are in the flood zone include the entire downtown commercial district. If they are currently subsidized, they also will go up 25% until they are at the full rate. Ms. Anderson reviewed the properties that will directly move to full-risk rates, so, she said, “the take away is to not let flood insurance lapse.”

Ms. Anderson said grandfathering will be phased out, and there will be a move to full actuarial rates. She showed the BW-12 timeline in regard to the phase out of subsidies. Some property owners may see a “fairly substantial increase in their flood insurance rates.” FEMA has some programs, Ms. Anderson said: CRS (Community Rating Service) which allows a 5% discount for policy holders for every point the city rating goes up. There are other ways to improve the score

which might merit future discussion. FEMA grants and the use of a higher deductible can help with the increased rate. The CRS can be improved by adding extra to elevation requirements. Elevating to 3' above the base flood elevation could lower premiums significantly.

Councilman O'Kelley said if there's a flood, there will be FEMA assistance money coming in for repair, but that's not related to flood insurance rates. Councilman O'Kelley said when Hugo hit, there were both wind and flood assessors, but he's heard now that there's only one assessor. **Merritt Patterson** said the historic city buildings like The Arsenal and the Carnegie Building that have higher insurance rates need to be considered, and more vacancies could occur because of the higher flood insurance rates, which could in turn lead to higher tax rates.

There being no further business, the meeting adjourned at 6:20 p.m.

A regular meeting of the Beaufort City Council was held on April 9, 2013 at 7:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling and 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**

Mayor Keyserling called the meeting to order at 7:00 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE**

The invocation was led by Councilwoman Beer and the Pledge of Allegiance by Mayor Keyserling.

**RESOLUTION DESIGNATING APRIL AS FAIR HOUSING MONTH**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the resolution. The motion passed unanimously.** Councilwoman Beer read the proclamation, and Ms. Anderson accepted it.

**PROCLAMATION OF APRIL AS SEXUAL ASSUALT AWARENESS AND CHILD ABUSE PREVENTION MONTH**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the proclamation. The motion passed unanimously.** Councilwoman Beer read the proclamation, and a representative of Hope Haven accepted it.

**PUBLIC HEARING: REZONING THE RIGHT-OF-WAY ON INLET ROAD, LADY’S ISLAND – LOCATED BETWEEN FERRY DRIVE AND SEA ISLAND PARKWAY.**

*The existing zoning is Lady’s Island Village Center District (County Zoning). The proposed zoning is General Commercial District (City Zoning).*

**Mayor Keyserling opened this public hearing.** Ms. Anderson said this resulted from a request for annexation, and the street is called Inlet Road on Lady’s island. She indicated the location of the road on an overhead map. The DOT currently owns the street, and the City of Beaufort intends to ask the DOT for ownership, then give the street to a private party for the purposes of development.

The county zoning designation is a mixed use zone that allows a wide array of uses. The proposed zoning is General Commercial District for the city, and the businesses in the area are General Commercial District, too, Ms. Anderson said. Water and sewer are available. Public notice was made and no comments were received. The Metro Planning Commission recommended approval of the petition at their last meeting. **Mayor Keyserling closed this public hearing.**

**PUBLIC HEARING: REVISING SECTION 6.8.G OF THE UNIFIED DEVELOPMENT ORDINANCE (UDO), "REGULATING PLAN", TO CHANGE THE DESIGNATION OF GREENLAWN DRIVE FROM A MAIN STREET TO A NEIGHBORHOOD STREET**

**Mayor Keyserling opened this public hearing.** Ms. Anderson said this is in regard to the section of the code pertaining to Boundary Street. The development standards are linked to the type of street it's located on. The Greenlawn Drive area is a "Main Street," Ms. Anderson said. This means in terms of future improvements that it should have a 64' wide right-of-way, two travel lanes and on-street parking with a planting strip and "a nice wide sidewalk on both sides of the street." Greenlawn Drive is one of the few exiting streets in the Boundary Street Development District. The right-of-way is currently 50' on Greenlawn. To get to 64', they need 7' on each side. Ms. Anderson said a complicating factor is the SCE&G power pole easement which is just outside the existing right-of-way. A building cannot be located near the street as is desired in the Boundary Street code because one can't build within the easement.

Ms. Anderson said these are challenges to the redevelopment of the Greenlawn area. Ms. Anderson said there have been efforts for years to "get off of ground zero on this issue." The Redevelopment Commission has recommended that this Main Street be changed to a Neighborhood Street. The sidewalk is narrower but will fit within the space they have. This would remove the impediments to the lots along Greenlawn Drive. Under the Neighborhood Street section, the buildings are required to be *close* to the street but not right on it, unlike in the Main Street scenario. The Metro Planning Commission recommended approval at their last meeting, Ms. Anderson said.

Councilman McFee asked what the right-of-ways are on Duke Street. Ms. Anderson said 60'. Councilman McFee said the planting strip would be lost, and Ms. Anderson said they hope to have some sort of vegetation. Councilman O'Kelley said it appears the current 50' right-of-way and the residents won't be affected by changing the designation to Neighborhood Street, and Ms. Anderson said that's correct.

**Angela Childers**, director of the Beaufort Housing Authority, said they do not object to the changes and feel it would be beneficial to their residents. **Mayor Keyserling closed the public hearing.**

**PUBLIC HEARING: REVISING SECTION 6.6.F.1 OF THE UNIFIED DEVELOPMENT ORDINANCE (UDO), "OUTDOOR DISPLAY OF MERCHANDISE," TO CLARIFY THE DEFINITION OF OUTDOOR MERCHANDISE**

**Mayor Keyserling opened the public hearing.** Ms. Anderson said they had discovered a gap in the regulations of the display of outdoor merchandise and would like to close it. indoor merchandise must be displayed right in front of the building and only during business hours. Outdoor display is more permanent and is for merchandise that can't be moved around easily in and out of the building. A new lawnmower sales and repair shop would like to display its mowers along Robert Smalls Parkway and Salem Road. The mowers are taken into the building

at night. Staff denied permission to display them there because the owners move the mowers in and out, and the mowers are therefore considered indoor merchandise.

The intent of the ordinance, Ms. Anderson said, is to reduce visual clutter along the street and to remove driver distractions. The exemption for outdoor merchandise is because of its size, weight and difficulty to move. She doesn't feel the intent of the ordinance was to allow display of merchandise that is *used* outdoors to be displayed outdoors. The proposed change will define what outdoor merchandise is. Ms. Anderson showed the change to the ordinance text on the overhead. These types of items that are outdoor merchandise are considered to be permanent display because they are not taken indoors at night. If it's not outdoor merchandise, it's indoor merchandise and has to be displayed no more than 5' from the building, Ms. Anderson concluded. The Metro Planning Commission considered this in their February meeting and recommended approval. **Mayor Keyserling closed this public hearing.**

### **MINUTES**

The minutes of the work session and regular meeting on March 26, 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 BUSINESS LICENSE ORDINANCE**

**Councilwoman Beer made a motion, second by Councilman McFee to approve the amendment on second reading.** Ms. Todd said this essentially modifies or amends the business license ordinance to that recommended by the Municipal Association of South Carolina's model. Chamber representatives requested three modifications to language related to appeals: In regard to 7-1012 (2), the Chamber has asked that the dates be changed from 5 days to 30 days. Also for 7-12 (3) they asked for 5 days to be changed to 10 days. The Municipal Association told Ms. Todd that there are no legal concerns about doing so, and the city attorney agreed with that.

Ms. Todd said this wasn't available during first reading, and Councilman O'Kelley said it's not in the packet, either because the city attorney just clarified his approval. Councilman O'Kelley said he has a problem with the 30-day extension; 5 days "seems like a small window but 30 might be too much." He sees that the problem is that it's 5 days after the notice is mailed, but 30 seems like too much. Ms. Todd said the letter would be served or sent by certified mail. Councilwoman Beer said she thought 15 days sounded good.

Mr. Dadson said staff doesn't plan to do notification electronically, which the Chamber of Commerce wanted to change. Councilman Sutton asked about "the urgency of this," and he was told there was none for this year. He said he'd like to see this again in its entirety. Councilman McFee asked if this was one of the changes from the model ordinance, and Ms. Todd said it's the same in the original and in the model ordinance; the time period for appeals has not changed in years.

Councilman Sutton said that they should both be increased to ten days; Mr. Dadson said staff could live with that. Councilman McFee concurred with this idea.

**Councilman McFee made a motion to amend the approved change in first reading to be ten days for sections 7-1012 (2) and 7-12 (3) and to make the adjusted changes for electronic notices in 7-1014. Councilman O'Kelley seconded.**

Councilman McFee withdrew his motion after Mr. Dadson said staff would make no recommendation for a change in 7-1014. **Councilman McFee made a motion to adjust sections 2 and 3 for the notice and appeal process to ten days; Councilman Sutton seconded. The motion passed unanimously.**

**Councilman McFee made a motion, second by Councilwoman Beer, to pass the ordinance as amended. The motion passed unanimously.**

**REQUEST FOR CO-SPONSORSHIP FROM THE KNIGHTS OF COLUMBUS FOR THE FLAG DAY CELEBRATION**

**Councilwoman Beer made a motion, second by Councilman O'Kelley, to approve the request for the event** slated for June 14, 2013 in Waterfront Park. **Steve Mendoza** of the Knights of Columbus thanked the mayor, council, and **Ivette Burgess**. The annual event is put on for the community, he said. They hope to have the Marine Corps band there. **The motion passed unanimously.**

**ANNUAL REQUEST FOR STREET CLOSURES, PERMISSION TO SERVE ALCOHOL, USE OF THE WATERFRONT PLAYGROUND PARKING LOT FROM MAIN STREET BEAUFORT FOR THE TASTE OF BEAUFORT**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve the request** for the event slated for May 3 and 4, 2013 in Waterfront Park. **LaNelle Fabian** said there are no changes from last year. Ms. Burgess said she had pulled out the details from their request.

**MAYOR'S REPORT**

Mayor Keyserling told people to vote for Candice Glover on Wednesday night.

**ADJOURNMENT**

There being no further business to come before City Council, **Councilwoman Beer made a motion to adjourn, seconded by Councilman Sutton. The motion was approved unanimously,** and the meeting was adjourned at 7:42 p.m.

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