

A work session of the Beaufort City Council was held on May 14, 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, and Mike McFee, and City Manager Scott Dadson.

Mike Sutton was an excused absence.

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.

### **THIRD QUARTER FINANCIALS**

**Kathy Todd** began the presentation with the assumptions about the financials and explained the components of the Combined Balance Sheet – All Funds. The combined profit and loss through March 31 followed. The changes in fund balance are negative, but not all revenue has been earned or turned in yet. The deficit fund balance in the General Fund should not cause alarm at this time, Ms. Todd said. There is no longer revenue in the TIF1 fund, because it ended in 2011.

Ms. Todd showed the percentage of distribution of expenditures for the quarter. She showed the breakdown of budgeted expenditures for 2013 relative to the year-to-date actual expenditures and said that “there is not too much of a difference.” She showed the amended annual budget and explained the formula to get the period-to-date budget and then the variances; next there was a comparison of the 2012 budget spent and received. They are again “relatively on target” with last year, Ms. Todd said.

In regard to an explanation of significant variances, there was a significant increase in electricity and maintenance costs. All other departments are on target and have no significant variances. On the revenue side, business licenses collections primarily come in in April. Based on what has been received and what they anticipate receiving; the revenues for business licenses will be on target with what was budgeted. The franchise fees for BJWSA are received quarterly and appear to be in line with the annual budgeted amount. All other revenues are on target.

All transfers from the General Fund to the Capital Projects Fund were realized during the second quarter of 2013, based on the completion of the Bladen and Duke Street projects, Ms. Todd said. The HR department and the Office of Civic Investment are new departments in 2013, so there is no comparison with 2012.

Ms. Todd showed a General Fund historical expenditure comparison for quarters ending March 31, 2010 through March 31, 2013 and then a comparison of the General Fund budget to actual revenues with March 2012. Councilman O'Kelley asked if she anticipated that it will be

relatively the same as last year on business licenses, and Ms. Todd said yes, she anticipates that they will be relatively similar. She presented the historical revenues in comparison to March 2010 – 2012. “Nothing is really standing out or alarming,” she said. There are “no big spikes in the graph.

She showed a chart of property taxes and said “collections currently are pretty healthy.” Delinquent taxes are pretty flat, she said, and TIF2 has been growing. Projected General Fund license and Accommodations Tax and Hospitality Tax revenues compared with the comparable period in March 2012 were shown.

In salaries and benefits, Ms. Todd said that the salaries are in line with the budget, and they have a positive variance for the current quarter. She showed historical salaries and benefits for all four years, and finally financial indicators to measure the city’s financial health. It’s a healthy ratio to have, she said, and the General Fund alone is also good. The General Fund balance is 29%, which is roughly 3-4 months of expenditures that can be absorbed by the General Fund, which she said is very healthy. \$1,287 is expended per person in the budget, and \$952 is what has actually been spent. Ms. Todd said the departments are holding costs down and staying within their budgets.

#### **CITY MANAGER’S BUDGET FY 2014**

Ms. Todd detailed what is contained in the notebook that council had received. She said that revenues are not done at the requested level. The revenues, salaries, and benefits are at Level 2 in “Projection” before it’s rolled into the operating budget.

Revenues for the General Fund: Starting with property taxes, the reassessment information will not be settled for several more months, so Ms. Todd said that property tax revenue for operations is estimated to be equal to the FY2013 projected actual; the revenue for property tax for debt was estimated at an amount sufficient to cover the general obligation debt payments.

Delinquent property tax revenues are estimated to be 44% higher than the 44% FY2013 estimate based on several factors. The budget projection assumes a full roll-forward in the millage, Ms. Todd said. In regard to fees, licenses, and permits, two new fees are recommended:

1. A public service fee will contribute to mitigating “the increased demand for timely and high-quality emergency responses.” It will be appraised against the appraised value of property owners exempt from paying real property taxes and is expected to generate \$301,254. The estimated fee is set low “so as not to be an oppressive tax.”
2. A transportation fee will contribute to the unfunded costs of maintaining the state and city-owned streets. No growth is expected in the charges for services. The overall increase in overall revenues is estimated at 5% of \$830,627.

Councilman O’Kelley asked if the \$40 per vehicle fee was just for automobiles and trucks, and Mr. Dadson said yes, not boats, etc. Ms. Todd said it’s any registered vehicles that drives on the city streets. Councilman O’Kelley asked if it would be assessed with other taxes, and Mr. Dadson said yes, on the vehicle registration, not on your property taxes, just as the county does it. On expenditures in the General Fund, she compared the increases and decreases in the FY2013 budget with the 2014 recommended budget. It includes a 2% COLA for all employees. There is no employer increase in health care costs. Employees will see a moderate increase in their contributions to dental benefits. There’s no increase in contributions from employers or employees for the state retirement plan. There is an increase in the employer contributions to the Public Safety Officers’ Retirement Plan to 12.44%.

Ms. Todd explained the significant operation increases:

- A 13.44% increase in the solid waste operations budget due to a refuse collection contract increase without an increase in the refuse collection service charge
- The parks budget is estimating a 111% increase due to costs to maintain Waterfront Park that were previously covered by now expired TIF1 funds. Councilman O’Kelley asked how park rentals help contribute to that revenue, and Mr. Dadson said they are “very, very tiny.” Councilman O’Kelley suggested raising the rental rates, and Mr. Dadson said they can’t raise the rate enough to cover the differential. The school district and county used to contribute to the capital and O&M for the TIF, and they’ve taken their money and receive 75% of it. The increase is \$350,000 ,and there is not enough economy of scale, Mr. Dadson said, so it’s been absorbed into the regular budget. The city owns some roads and provides a lot of public safety services to non-taxpaying entities inside the city. Ms. Todd said parks revenue is between \$15-24,000 over the last several years.
- Once every 5 years, Ms. Todd said, the Streets department addresses maintenance issues of tree trimming, road paving and repair, and easement maintenance. There’s also an increase in the costs associated with Commerce Park, so the overall increase in the Streets operation budget is \$171,377 or 38.51% over FY2013.
- The fire department budget increased 39% for new uniforms and equipment.
- The courts budget increased 10.45%.
- The information technology budget increased 5.7%.
- The police department budget increased 7% because of increased worker’s comp fees, prisoner housing costs, and vehicle maintenance.

Ms. Todd said in regard to capital related to rolling stock, park projects and stormwater projects:

- Rolling stock replacements of 4 police cars including equipment to retrofit the vehicles: \$191,702
- Replacement of Public Works and Associate Public Works directors’ vehicles: \$50,000
- Replacement of a riding lawn mower in the Streets department: \$15,000
- Parks department capital is needed to replace two vehicles: \$44,000

- Repairs and upgrades to Horse Hole, Tic Toc, Pigeon Point and Secession Parks: \$19,400. Ms. Todd said SS Park is a separate budget line item.
- The traffic department needs a new bucket truck and a low profile lift, totaling \$56,000.
- Stormwater projects totaling \$378,751

The fund balance for equipment and vehicle replacement is sufficient to cover the costs associated with vehicle replacement and park projects, Ms. Todd said.

Transfers out are \$774,187, and Ms. Todd detailed the use of the fund balance included in the recommended budget.

#### Stormwater projects

Ms. Todd showed a list of the projects that they recommend moving forward: the North / West drainage project, Duke Street West, and Azalea Drive drainage. She explained where the Battery Creek Headwaters improvement Phase 1 would come from. They have also committed fund balance to Allison Road and Duke Street Phase 2 for a total of \$378,000.

#### Capital project budget highlights:

- A total of \$1,100,000 of federal or state grant finding is secured or anticipated, Ms. Todd said. Projects are not started until the grant funding is secured at or above the level designated in the budget.
- FY 2014 General Fund resources of \$409,000 will be utilized to complete projects. \$334,000 is funded by the stormwater funding and \$75,000 is funded from general revenue to repair sidewalks.

Ms. Todd went on to describe the amounts of funds in TIF1 and TIF2. She detailed items in the capital projects budget and where the sources of the money would be. Mr. Dadson and Mayor Keyserling discussed the money allocated for the boardwalk on Boundary Street; Mr. Dadson said it's a safety net against an obligation in the TIGER grant.

The TIF 1 and TIF 2 budgets are tied to the capital projects budget. The impact of the TIF 2 property tax revenues from the reassessment process and millage rates makes it uncertain what the revenues in TIF 2 will be, so Ms. Todd said she estimated conservatively. Mr. Dadson explained how council could end up making choices about how to spend other revenue streams if the LOST was adopted. The penny tax commitment and federal funds for the Boundary Street project still leave a shortfall, and for those things which aren't being paid for with those funds, staff is rounding off. Some things in the project have been written off but still could happen. Investing back in the TIF raises funds as well. He feels the budget is solid and outlines the capital better than it has been in the past.

Mayor Keyserling said he wonders if they have learned a lesson about using TIF money on maintenance and operations and "may have gotten addicted to it." Also, while the staff and department heads have been austere, Mayor Keyserling said, it looks like there's a lot of

spending which, with the revenue uncertainty, he wonders if they could wait on, such as 33% and 38% budget increases, until they know more. He said though the money is set aside, he has those questions for the future. Mr. Dadson said the O&M related to TIFs are because they have capitalized something over a period of time. In regard to future improvements, they will have an O&M component until they can build up enough growth that it can be handled in the General Fund. Also the city has saved money and spent it as they see fit. By spending on some capital, maintenance costs are kept down. Mr. Dadson recommended "rolling up." He said the TIFs going away and the costs of doing business account for the increases. There's been an investment strategy, Mr. Dadson said, and because of the way the city has invested, they have gotten an impressive amount of grants to put their current dollars up against. The department heads have done a good job, Mr. Dadson said, but they need to expend money to continue to deliver services.

### **EXECUTIVE SESSION**

**On motion of Councilwoman Beer, seconded by Councilman McFee, council voted to move into Executive Session pursuant to Title 30, Chapter 4, Section 70(a) (2) of the South Carolina Code of Laws for discussion regarding proposed contractual arrangements and proposed land acquisition. The motion was approved unanimously.**

**Councilwoman Beer, seconded by Councilman O'Kelley, made a motion to come out of executive session and resume the work session. The motion was approved unanimously.**

There being no further business, the meeting adjourned at 7:00 p.m.

A regular meeting of the Beaufort City Council was held on May 14, 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 McFee, and City Manager Scott Dadson.

Mike Sutton was an excused absence.

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.

### **CITY COUNCIL ORGANIZATION: CITY JUDGES REAPPOINTMENT**

**Councilwoman Beer made a motion, second by Councilman McFee, to reappoint Judge Ned Tupper. The motion passed unanimously. Councilman McFee made a motion, second by Councilwoman Beer, to reappoint Judge Mary Sharp. The motion passed unanimously.** Ned Tupper thanked council for the reappointment and said his first appointment was in 1989. Mary Sharp also thanked council for the reappointment.

### **MINUTES**

The minutes of the special meeting and work session April 16, 2013 were presented to council for review. **Councilman McFee made a motion, second by Councilwoman Beer, to approve the minutes as submitted. The motion passed unanimously.**

The minutes of the work session and regular meeting on April 23, 2013 were presented to council for review. **Councilman McFee made a motion, second by Councilwoman Beer, to approve the minutes as submitted. The motion passed unanimously.**

The minutes of the special meeting on April 30, 2013 were presented to council for review. **Councilman McFee made a motion, second by Councilwoman Beer, to approve the minutes as submitted. The motion passed unanimously.**

### **ORDINANCE REVISING SECTION 6.8.G OF THE UDO, "BOUNDARY STREET REDEVELOPMENT DISTRICT; STREET TYPES," BY CHANGING THE DESIGNATION OF GREENLAWN DRIVE FROM A MAIN STREET TO A NEIGHBORHOOD STREET**

**Councilwoman Beer made a motion, second by Councilman McFee, to revise the ordinance on second reading. The motion passed unanimously.**

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

**Councilwoman Beer made a motion, second by Councilman McFee, to amend the budget on first reading.** Ms. Todd said the hospitality revenue bond payment had not been incorporated in the budget, and this takes it into account. **The motion passed unanimously.**

### **ADOPTING LOCAL OPTION SALES TAX (LOST) RESOLUTION**

**Councilwoman Beer made a motion, second by Councilman McFee, to approve adoption of the tax.** Mayor Keyserling said the LOST was created as an option for counties and about 31 counties have incorporated it. It is county-wide and has to be put on the ballot by a county council. 71 cents on every dollar goes to a tax credit on the ad valorem property tax. Mayor Keyserling has talked to the other municipalities, they all have a copy of the resolution, and at least 2 of them are taking it up. If there's agreement, they will go to county council, and then the voters would have to vote on it. Mayor Keyserling said it was put forth twice before in Beaufort County and failed. Councilman O'Kelley said this is "found" money; 60-65% is paid by people from out of the area and has to reduce the ad valorem taxes. Councilman McFee said it excludes food. 29% of the dollar is to be spent on capital, one-time expenses. **The motion passed unanimously.**

### **ACCOMMODATIONS TAX (ATAX) GRANT AWARDS FOR FY 2012**

**Councilwoman Beer made a motion, second by Councilman McFee, to award the grants.** 12 organizations are requesting funding. **Jeff Evans** said the money granted to the Independence Fund before they moved events to Charleston was taken back and added to the surplus to total \$40,800. \$25,000 is to be held for the installation of way-finding signs, and the remainder is to rollover to the 2013 fund for disbursement. After **Candice Glover's** success on "American Idol," of the \$40,800 remaining, it was requested that money be given to reimburse the costs of the Hometown Hero festivities. The Chamber of Commerce on May 8 made a request for \$20,000 to that end, Mr. Evans said.

It was suggested that the committee re-gather to consider this request, but the committee was unable to achieve a quorum before this council meeting. Six members responded via email. Mr. Evans said the committee's opinion was that the matter should be carried over to FY2013 because "everyone was taking a guess on the costs of the weekend." The next round of TDAC granting is coming in six months, and the actual numbers would be known by then. Additionally, the Chamber of Commerce will have ended their fiscal year by that point and begun a new one.

Mayor Keyserling asked if council didn't recommend adding to the Visitors' Center budget to be used for the survey work for 9 events to get metrics for the organizations. Mayor Keyserling said the Visitors' Center line would be \$43,750 with a deliverable of metrics on 9 of the organizations in a year. The issue that hasn't been discussed is the Chamber of Commerce's proposal to "have the blow of the Candice event softened."

**Robb Wells** said the recommendation to amend the Accommodations Tax request “was to facilitate unknown total expenses going into it.” It is a reimbursement-type schedule, he said, and they knew they had already cut a check for the stage and lighting, etc. for \$20,000. There “has been an indication that some fees would be waived by the sheriff's department and city works.” What remains is for printing and the stage balance to total \$36,982, of which \$20,000 has been paid. SCPRT has committed money as has Wells Fargo. \$15,930 is in the bank and \$10,000 is an IOU from SCPRT, Mr. Wells said. The money that was committed to other things from what will come from Accommodations Tax money could be used to fund this event as well. Mr. Wells said “the publicity value was worth millions.”

Mr. Evans said the Accommodations Tax committee discussed that point, and Mr. Wells may have the metrics to disprove it, but Beaufort has never been mentioned on “American Idol,” so the TDAC members felt that if Beaufort wasn’t mentioned, then “the possible advantage in terms of marketing would not actually be realized.” Mr. Evans said that being the Happiest Seaside Town would be of more value to Beaufort in terms of marketing. Mr. Wells said Beaufort was written on the screen twice during the presentation about Ms. Glover’s visit.

Mayor Keyserling said this money would be used to reimburse the city some of their expenses, according to Mr. Dadson. Mr. Dadson said city staff had not recommended reimbursement; the city would handle all in-house expenses itself and not ask for reimbursement, as far as a staff recommendation goes. If the county is reimbursed, there might need to be a discussion, and Mr. Dadson feels that the county and Port Royal should absorb their own costs, too. Mayor Keyserling clarified that the Chamber of Commerce would deduct the amount of the city’s expenses from its total. **Blakely Williams** said that the total is \$36,000+ minus the police and sheriff, etc. Mayor Keyserling said this should be amended to reflect \$10,000 in reimbursables out of the Accommodations Tax.

Councilman O’Kelley said TDAC had recommended that \$25,000 be held for signs downtown, and he recollected that they had learned that the money couldn’t be used for that. Mr. Dadson said that’s correct. Mr. Dadson said they had recommended that same amount for signs in the capital budget.

**LaNelle Fabian**, Main Street Beaufort, said that they had spoken to consultants about way-finding signs, and the consultants described it as “tourist infrastructure”; signs were included in expenses that TDAC funds could be used for. **Councilwoman Beer made a motion, seconded by Councilman O’Kelley, to accept the recommendation with changes by TDAC, adding \$10,000 to be reimbursable to the Chamber of Commerce for “the Candice weekend.”** The motion passed unanimously.

#### **MOTION ALLOWING CITY MANAGER TO ENTER INTO CONTRACTUAL AGREEMENT REGARDING DUKE STREET PHASE II**

**Councilwoman Beer made a motion, second by Councilman McFee, to allow the city manager to enter into the agreement.** This is for engineering work for the CDBG grant, Mr. Dadson said. **The motion passed unanimously.**

**REQUEST TO USE THE DOWNTOWN MARINA BOAT RAMP FOR THE YMCA'S "LEARN HOW TO SWIM PROGRAM"**

**Councilwoman Beer made a motion, second by Councilman O'Kelley, to approve the request for the June 15, 2013 event. The motion passed unanimously.**

**MAYOR'S REPORT**

Mayor Keyserling said that on Friday morning, he expects "to have post-partum depression no matter what happens" on "American Idol," and he said every person can vote 5 times per minute plus 50 votes on Facebook. He said tickets are available for the viewing event at USCB Wednesday night, and a viewing of the finals will be free at the drive-in on Thursday. They have rented a sound system so people's radios don't need to be used.

**REPORTS BY COUNCIL MEMBERS**

Councilwoman Beer said that everyone is "extremely distressed" that the Lt. Dan events were moved out of the area, and the volunteers are considering raising money for equipment for public service employees as well as veterans who have been injured in the line of duty.

Councilman O'Kelley said the homecoming was a huge success. He said Ms. Glover's voice was "incredible," and he heard it from half a mile away across the water.

Councilman McFee said he had hosted the Habitat For Humanity party for the Pigeon Point build this past weekend and said if anyone hasn't yet seen the project to do so. The city has Habitat For Humanity as a partner on many projects, and they're looking forward to the Pigeon Point homes beginning this year.

**ADJOURNMENT**

There being no further business to come before City Council, **Councilwoman Beer made a motion to adjourn, seconded by Councilman McFee. The motion was approved unanimously,** and the meeting was adjourned at 7:45 p.m.

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