

A special session and work session of Beaufort City Council was held on December 16, 2014 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Mayor Billy Keyserling and council members, George O'Kelley, Mike McFee, Stephen Murray, and Phil Comer, 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.

Mayor Keyserling called the special session to order at 5:00 p.m.

Councilman Murray made a motion, seconded by Councilman Cromer, to amend the agenda to include a public comment period. **The motion passed unanimously.**

Mayor Keyserling said this period would be for comments about items that are not on the agenda; for anyone who wants to talk about parking generally, this would be the appropriate time, not when the parking management contract is being discussed.

Louis Rabinowitz, 2106 Bay Street, said he had read an article in the paper on Sunday about maintaining rights-of-way. He read a passage from that article. He said he had called **Isaiah Smalls** in the past and Mr. Rabinowitz was told that his side of his street was not being cut because the new contract with the Greenery had been signed, and not doing so "would save money." But Mr. Rabinowitz pointed out that the article says that *all* residents' rights-of-way are mowed four times a year and major thoroughfares are mowed weekly, neither of which is happening on his street. Mayor Keyserling said he would ask Mr. Dadson to look into the matter and report back to council.

Charles Aimar, Beaufort, "wanted to remind the mayor and council members" that he wants the two-hour free parking to be extended into the new year and to have a parking management group "study it" while it's free. He told an anecdote about a woman he'd spoken to who had come downtown to sign the free parking petition; she had "loved having the free parking, and it made her feel really good about Beaufort." No property owners or merchants downtown are opposed to continuing free parking, Mr. Aimar said.

Charlie Williams, Beaufort, said as a Main Street merchant, he agrees with extending the two-hour free parking, but he feels they also need to do more to bring people downtown. He suggested a planning group. Mayor Keyserling said this would be an agenda item next week.

CONSIDERATION OF MOTION TO ENTER INTO CONTRACTUAL AGREEMENT FOR PARKING MANAGEMENT SERVICES

Councilman McFee made a motion, second by Councilman Murray, to approve the motion to allow the city manager to enter into the agreement. Mayor Keyserling said the city has an ordinance that says that no multi-year contract can exceed five years, and the Lanier/Park Beaufort contract expired in November. The city was in the RFP process and "excused ourselves from the ordinance" because the selection process was ongoing. A staff committee selected

SP+, Mayor Keyserling said, and recommended the company to council. Council wanted to see the agreement. Council is prohibited from negotiating contracts, Mayor Keyserling said; that's the city manager's job. Council has had a draft that is agreeable to the city attorney and to SP+. Mayor Keyserling said among the big questions was, if parking hours, fines, or anything else changed the revenue picture, "would the city be obligated beyond our legal means?" Mayor Keyserling iterated where the parking revenues go. Staff provided data, he said, that indicated that if council kept the two hours of free parking and changed the fines to graduated fines, the city "would still be whole." It is within our means, Mayor Keyserling said, to change fees, fines, etc. The contract with SP+ can be gotten out of "if we can afford it," he added.

Bill Harvey, city attorney, said he had gotten with SP+'s personnel per council's instructions. He worked with **Buzz Edgeworth**, the counsel for SP+, on several drafts of a contract. Mr. Harvey feels all of council's concerns are addressed in this draft. The city is allowed at its discretion to adjust parking hours, rates and fines without limitation, Mr. Harvey said, except that there are "thresholds." SP+ must present a budget of expenses, and if the revenues fall below the expenses and creates a deficit, the cost to the city would be the amount of the deficit. The city can terminate the contract "at any time for reasons of will or cost." If council wished to drastically cut fees and fines, to the point where revenues were nil, they could elect to terminate the contract. They would only have to reimburse SP+ for any unamortized capital expenses. SP+ has obligated themselves to upgrade 75 older meters to digital meters at a cost of \$37,500.

Mr. Harvey said the management of SP+ had said they would work with the city to achieve the flexibility that council has asked for. There are 4.5 pages in the RFP that the management company is obligated to provide, e.g., the administration of the long-term parking passes. There are many other services the parking operator would provide beyond just the collection of parking tickets and the administration of fines. Mr. Harvey said if the city were "in an operator void," no one would provide those services. Lanier's contract "cannot be properly extended indefinitely," he added.

Councilman Cromer pointed out conflicts he perceived in the contract. Mr. Harvey explained that if the expenses are exceeded, the operator and the city "will get together immediately and talk about reducing them." If SP+'s expenses exceed their budget, the city and the operator will "deal with it." Mr. Harvey said the financial arrangement with SP+ "is exactly what we are doing right now with Lanier," he has been assured by **Kathy Todd**. The expenses they have projected are less than what the city has incurred, he believes.

Councilman Cromer said the termination for convenience is not in the document, but it's in the RFP. Mr. Harvey said it was three paragraphs long in the RFP, so for the contract, he put it in paragraph 1 in a condensed form with greater "flexibility."

Councilman Cromer referred to indemnification language in the contract on page 3 and page 8 and said that in South Carolina, government agencies are not allowed to have hold harmless indemnification. Mr. Harvey said he had taken out specific indemnity language from the original

draft. He said what Councilman Cromer is looking at on page 3 is indemnification from sales taxes that the city collects. Councilman Cromer said the attorney general's language "seems pretty specific on not engaging in any (indemnity.)" He feels the prohibition "is across the board." This is a contractual obligation, Mr. Harvey said, and he believes it can be done because it's "not indemnification for somebody else's liability." Councilman Cromer said that the city "can't do 13D," which he described as "the person on the premises" section. Mr. Harvey said that deals with "any guarding responsibilities the city has." If the operator fails to provide the guarding responsibility, then the city "would hold them harmless." Councilman Cromer said he reads the attorney general's opinion as saying "we can't do that." Councilman O'Kelley presented a possible scenario of someone going into the parking management's office and tripping and falling. Mr. Harvey said the sentence Councilman Cromer is referring to says that the city shall determine security matters that will be required to protect patrons in a parking lot (e.g., the city will determine if a security guard is needed in a lot). This is saying that this is not SP+'s responsibility, Mr. Harvey said. If the city determines a sign or a guard is not required, and something happens as a result of someone not being posted, it's the city's responsibility and not SP+'s. Councilman Cromer said then the city would be sued, and he's saying that SP+ can't be indemnified. Mr. Harvey agreed to work on the wording. Councilman Cromer offered Mr. Harvey the attorney general's opinion, and Mr. Harvey said he had read it.

Councilman O'Kelley said Ms. Todd had answered his questions about fees and fines, and he had discussed the right to terminate, which was his main concern, with Mayor Keyserling and Mr. Harvey.

Councilman McFee asked if there were "anything in the spirit of the RFP" that council would be in violation if it were to ask SP+ not to make any substantial investments in capital during the period when council is working out possible changes. Mr. Harvey said he doesn't think they will. They put in the contract that the 74 meters were to be in within six months, but he doesn't anticipate that SP+ will do anything until the city has determined what it wants. He had added into the contract that any capital expenditures "shall be with the consent of the city." Councilman McFee pointed out that the worker's comp section referenced North Carolina, not South Carolina.

Councilman Murray asked about other capital expenses beyond the meters "to get this going," such as uniforms, supplies, printing, etc. He asked if those additional capital expenses should be in the contract. Mr. Harvey said any other capital expenditures would be determined by the city. The city wants SP+ to be responsible for expenses for parking upgrades, but "insofar as the money is concerned, that would be with the consent of the city." He said he imagines they would work out an amortization of any capital expenditures.

Councilman Murray commented that the 11-18-14, the initial bid by SP+ of 252,000 was negotiated and brought down to approximately \$208,000 with a management fee, but in reviewing the RFP proposal provided by SP+, on the last page, the original bid and the revised bid are stated and the RB shows \$247,000, is not \$208,000, and Ms. Todd's numbers in regard to the estimates with the 2 hours of free parking showed a one-year cost, including the

management fee, of \$266,000. Subtracting the management fee, it's \$236,000. Councilman Murray encouraged the numbers to be double-checked. Mr. Harvey said, "The comparisons that Ms. Todd gave you were assumptions" about expenses and revenue. Today's numbers, plus two hours of free parking, and taking SP+'s expense numbers as they were given, the city "would not be in a deficit position." Councilman Murray said council has been presented four different expense numbers. He said he understands that it's an estimated expense number based on annual revenues, but the margin of difference in expenses should be small.

Councilman O'Kelley asked, when the contract is entered into, when SP+ will be up and running. Mr. Harvey said that the contract calls for them to be in on February 1.

Conway Ivy asked if parking management services presents an annual budget each year. Mr. Harvey said yes, they will. Mr. Ivy asked if the city would be able to approve that budget, and what the mechanism is if the budget is much higher than expected. Mr. Harvey said the city has 30 days to approve the budget, and if they don't, the budget has to be renegotiated. Mr. Ivy asked if there were a cap on overall expenses over the five years or "escalating provisions." Mr. Harvey said, no, the budget must be presented each year. Mr. Ivy asked, in regard to the two-hour free parking, if that is in the budget baseline the city would approve, or would they approve a different baseline with the free parking as an adjustment. Mr. Harvey said the 2014 numbers are the baseline numbers, including the two-hour free parking that the city has right now.

Mayor Keyserling asked Mr. Harvey to address the issues in the contract about referencing North Carolina's workers' comp and the indemnity provisions, and Mr. Harvey said those sections will be revised.

Councilman Murray said after going through the proposal by SP+, he's excited about the new vendor; they seem professional, he said, and they will be "a real resource" at no additional cost. Councilman McFee said in his conversations with Ms. Todd and Mr. Harvey, he'd learned that SP+ had been receptive to council's suggestions. Mr. Harvey said in talking to **Steve Hernandez**, he had reiterated council concerns to Mr. Hernandez, who had reiterated what he had said at the work session, which is that SP+'s technology "allows for so many variables in the parking structure," so he welcomes the possibility to use it to the city's benefit to come up with a long-term parking strategy going forward. **The motion passed unanimously.**

APPOINTMENTS TO BOARDS AND COMMISSIONS

Councilman McFee made a motion to reappoint Chuck Rushing and Brian Franklin to the Design Review Board. Councilman O'Kelley seconded. Councilman Murray said last year there were incidents with regard to open meetings, and he proposed a public officials' guide to ensure that everyone remains in compliance with the Freedom of Information Act; he said he thinks it could be provided to all boards and commission members in addition to annual training. Mayor Keyserling agreed, including scheduling an annual training for council. **The motion passed unanimously.**

Councilman McFee made a motion to appoint Leah Palumbo to PTAC. Councilman O’Kelley seconded. The motion passed unanimously. Mayor Keyserling said the city manager, **Barb Farris**, the chair of PTAC, and he had met with SCE&G, because it’s time for their five-year tree trimming, and “the conversation is starting early.” He had asked PTAC to work with SCE&G to maybe create something for the paper, an FAQ about their trimming strategy, a tentative schedule, etc. PTAC had done a study and had recommended three pilot projects for undergrounding which hasn’t been done yet.

Councilman O’Kelley made a motion, second by Councilman Murray, to adjourn the special meeting. The motion passed unanimously. The special meeting was adjourned at 5:49 p.m.

Council and the public moved to the Planning Conference Room for the work session.

Mayor Keyserling called the work session to order at 5:59 p.m.

US 17 RESOLUTION TO SOLICIT FUNDING

BK said Beaufort and PR had been invited to be part of a metropolitan transportation committee. **Ginny Kozak** said she was presenting information, and she had been asked to appear by staff. She gave out a handout and described the area of Highway 17 that is being worked on, including widening the bridge with a second two lanes. There were 86 wrecks and 5 fatalities on this section of US 17 between 2010 and 2013. They receive funding annually, which is usually used on minor improvements, from SCDOT. The whole area – including the LCOG and the NPO (Beaufort, PR, Hardeeville, Bluffton, Hilton Head, and the unincorporated county in the area [doesn’t include Sun City]) in 2009 had started dedicating funding to improving this section of the road. They put \$750,000 into the studies that year. In 2011, the LCOG board of directors, using the Guidesare funds (which are federal and come through SCDOT), was apprised that it would be a \$21.5 million project to widen from two to four lanes, including planning and right-of-way acquisition. Construction was estimated at \$20.5 million then. 2.8 of the four miles would need “very special construction,” it was determined, Ms. Kozak said, because of the poor soil conditions; a roadway would sink 8-12 feet when it was put in. Construction costs went up to \$25 million, and then geotechnical improvements would bring it to \$53 million.

Additionally, Ms. Kozak said, South Carolina has been paying 10% of the total cost of the bridge that’s being installed by the state of Georgia. With twinning the bridge, the total bridge cost is about \$15 million, and it will likely be \$16 million by the time construction is complete. SCDOT is hoping Georgia will pay half of it, since South Carolina put in 10% on the existing span. So at least another \$8 million is added to the \$53 million, Ms. Kozak said.

LCOG and the NPO get about \$7 million a year for improvements in the four counties. SCDOT has determined that LCOG could put in \$34 million, and then the new NPO would put in \$19 million plus \$8 million for twinning the bridge. In Beaufort, this would improve commuting; the same number of people commute from Savannah to Beaufort County as commute from Beaufort County to Savannah. There’s also two-way tourism traffic. The flip side, Ms. Kozak said, is that there wouldn’t be money from the sources used for this project for any other

improvements in Beaufort, the four counties, and all the municipalities until roughly 2022.

The resolution Bluffton passed urges SCDOT and LCOG to look for other sources of funding, which Ms. Kozak said they are already doing. A federal safety program has money available for safety projects, but for the whole state – which involves 46 counties – that’s \$40 – \$44 million. It’s been usually used for turning lanes or signals; that sort of project usually requires \$500,000 or \$100,000 increments. They will apply for anything like TIGER grants that come along, Ms. Kozak said. The resolution would encourage this.

Mayor Keyserling said this doesn't preclude them from going for other grants, though, and Ms. Kozak said it doesn't. Ms. Kozak said the widening needs to be done for safety reasons. Infrastructure for transportation is poor all over the country, and funding is needed to fund replacement of bridges and highways all over. Councilman Cromer asked how much federal money is in it, and Ms. Kozak said it's *all* federal money that comes through the state. Ms. Kozak said it's unusual for them to be asked to put aside all the funding they get for one project. This is the new metro planning org in the state in 20 years. It's the smallest and gets the least amount of funding, she said.

Mayor Keyserling asked Ms. Kozak, if Boundary Street is a great success, and the city wants to go after other federal grants for another gateway, if Beaufort is restricted by being in the NPO, and Ms. Kozak said no, they're not. Councilman O'Kelley said he had heard Ms. Kozak say that if all the eggs are put in one basket, no money would be available until 2022, and Ms. Kozak said that only applies to "this particular money – for roads and highways that comes through the COG and the new NPO." Mayor Keyserling said this pot of money "is set aside for 'larger metropolitan areas.'" It doesn't affect other projects and funding. "This is a new pot of money," he said, "because Hilton Head and Bluffton ... had the numbers and they wanted to include us."

Mr. Dadson said, "It's the same pot of money divided one more time when they added the NPO." Mayor Keyserling said, "Greenville and Charleston lost so that we could get some"; Ms. Kozak said, "We're actually getting less," because now that they are two organizations, they get less than the COG used to get as one organization. She explained why that was: though "we grew, but not as fast as the Grand Strand, the Upstate and Charleston ... we were growing from a smaller base," and it's based on population. Even adding the two, it's almost a million dollars less per year. But this only affects intersection improvements. There are still funds for transportation alternatives (sidewalks, bike and pedestrian ways, etc.), for example. They are getting more money for public transit than ever before, too, and this has no impact on that.

Councilman Murray asked Ms. Kozak to clarify what she would like in the resolution, and Ms. Kozak said they "would like it to indicate that you are still in favor of the widening." She referred council to the Bluffton resolution. Ms. Kozak and the mayor discussed another project on Highway 68, which Ms. Kozak said would be ready to go in 2015, while this project will be in planning and design for 2-3 years because "it's very complex."

Councilman Murray said he there are a number of reasons this is a good project, and he is in

favor of it. There was general agreement. Councilman McFee asked why the NPO excludes “St. Helena and the beaches.” Mayor Keyserling explained that Hilton Head and Bluffton “generated the numbers to qualify.” Their goodwill brought in Beaufort and the Town of Port Royal. Ms. Kozak said SCDOT had “said to look further ahead,” and the Beaufort-Port Royal area is getting closer in terms of transportation to the southern part of the county. In planning terms, “it makes sense for everyone to be together.”

CITY MANAGER SEARCH PROCESS

Mayor Keyserling said it’s incumbent on council to fill out their “What I want in a city manager” forms. **Bill Prokop** said that this is the first step, to develop the requirements and create a profile of who they want in the position. This is council’s process, he said, not staff’s or anyone else’s.

They should determine if they want to recruit, or if they want to hire an outside firm to recruit on their behalf, Mr. Prokop said. MASC will help draft an ad, look at the resumes received, give an outside opinion, and make a list of their top four or five candidates. If they go forward on their own, it would be advertised online. There are currently 48 city manager and assistant city manager jobs on the site now, of which seven are in South Carolina or surrounding areas, and there are a few other sites as well.

Mr. Prokop suggested running an ad in January and doing so for 30 days. Then they will select a team and go through the resumes, and then select candidates and either call or bring people in to interview them. They will use a tool that was used in the recent hiring of the project manager, he said. Next, they would bring three-four candidates to Beaufort for face-to-face interviews, hopefully by early March, and look at making a decision by the end of March, in anticipation of someone starting in mid-May.

Costs for this process if it’s done in-house will be \$5000-\$6000, Mr. Prokop said, and with an agency it could cost up to \$30,000. There will also be a relocation cost of \$5000-\$8000, and then an orientation program. MASC’s services are free of charge.

Mayor Keyserling said he had read the ICMA manual about how to recruit, and he is “still stuck” on doing it in-house or going with outside help. He had talked to council members in Virginia and Georgia, who said they had gone with a headhunter, and thought it was “a waste of money.” A possible advantage was that an outside recruiter who’s good might look at people who are currently working and not looking for a job, and see if they were interested in moving, Mayor Keyserling said.

Councilman Cromer said even active city managers who were looking to move or relocate would apply for the job. He feels that Beaufort “has a lot to sell” itself with, and he feels they “will get some interest.” Mayor Keyserling asked if a recruiter “would throw a wider net...or be more target-specific.” Mr. Prokop said the recruiter would do the same things the city would do, though recruiters might have 6-10 people they could look at “who might be interested but not looking.” A recruiter can be effective if they work with a city every day, Mr. Prokop said, and if they have worked with Beaufort in the past. If not, the city will be training the recruiter as

to what (s)he should be looking for.

Mayor Keyserling said the process of the recruitment of the project manager “could not have gone better.” Councilman Murray asked if they could do “a hybrid,” using MASC while also keeping the process in-house, and there was general agreement that that’s what they would do. Councilman McFee said he prefers in-house: the cost of a recruiter is “exorbitant,” and some control would be lost. Councilman O’Kelley said Mr. Dadson was not hired with a headhunter. Councilman Murray said he is “cheap,” and he has a problem spending that kind of money. Additionally, “this is a tight pool of folks.” He agreed with Councilman Cromer that Beaufort has a lot to sell itself to a candidate.

Mr. Dadson said working with MASC is “probably a better bet.” Professionals will look for third party that can “tell it like it is.” Headhunters can be an asset to those in the applicant pool; it’s beneficial for a candidate to have one to talk with, Mr. Dadson said. MASC can provide that, though, and can answer questions about the legislative relationship with the city, for example, and help with the screening process.

Councilman Cromer said he had worked at MASC, and most of the people who will help the city with this are former city managers. Mayor Keyserling said they have the potential to engage the public, and Mr. Dadson said the top three candidates are subject to public involvement through a panel or a reception, etc. Candidates will want to talk to community leaders and ask them how things work. The candidates will interview as much as they are being interviewed. The three names of the candidates need to be made known to the public, and Mr. Dadson said his interview was public, and then there was a reception. Mr. Prokop said the public part begins when there are three to five candidates to get input on.

Councilman Murray said in regard to developing the skills assessment profile, from a practical standpoint, it doesn't sound like the Human Resources department can do it. Mr. Dadson said MASC could be a great help and work with council beginning with a skeleton profile.

Councilman Murray asked how that’s started, and Mayor Keyserling said they tell MASC that council wants to go in-house, and Mr. Prokop will come up with a firmer timeline, and then they’ll be brought in to help with council’s thoughts. Mr. Prokop can ask for an outline or framework, Mr. Dadson said, that they can put together for council to “ferret” through.

Mr. Ivy recommended, since the Historic District is an important part of the community, that someone with experience in the Historic District or with “a passion for history” should help with the process as the profile is designed. Mayor Keyserling said that’s on his list, as well as someone who’s familiar with form-based code.

EXECUTIVE SESSION

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilman O’Kelley made a motion, second by Councilman McFee to enter into Executive Session for a discussion about personnel. The motion passed unanimously.**

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilman O’Kelley made a motion, second by Councilman McFee to end the Executive Session regarding discussion on personnel. The motion passed unanimously.**

ADJOURNMENT

There being no further business to come before city council, the meeting was adjourned at 7:30 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK