

A work session of the Beaufort City Council was held on May 13, 2014 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, Mike McFee, Mike Sutton, and George O’Kelley, 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 work session to order at 5:00 p.m.

PRESENTATIONS: FIRE AND MUNICIPAL COURT DEPARTMENTAL BUDGETS

Fire Chief **Sammy Negrón** said that 70% of the department’s call volume is medical calls, and fires account for less than 1% of the fire department’s calls . They continue to respond to medical calls as a service to citizens. They are currently making charges to response practices for medical calls in regard to severity - “from heart attack to needing a Band-Aid” - since not all merit the same response. This will also make the fire department less liable in regard to times to respond; this is true for fire calls, too.

Councilman O’Kelley said there are a lot of false alarms, and he asked what they were about. Chief Negrón said they are different kinds. The 70% is a separate percentage, he said, in response to Mayor Keyserling asking about the difference between the 29% figure and the 70% figure. Chief Negrón said 70% of calls are medical calls. Councilman O’Kelley asked if they could assume that a vehicle accident with injuries is in both categories, or if stays in the medical area only. Chief Negrón said it falls under just medical if it’s a vehicle accident, and it doesn’t necessarily include vehicle accidents where medical attention isn’t needed.

Councilman Sutton said he assumes the budget can’t be shaved in regard to the types of calls they answer. If they were to save money, it couldn't be done by not answering certain kinds of calls. Chief Negrón said they could adjust response practices; they have done that by using smaller vehicles to respond to vehicle accident calls and therefore have less wear and tear, etc.

In regard to fire prevention, Chief Negrón showed the numbers of people educated: 6754 children among them. They gave out 16 fire detectors and 3 fire extinguishers. The education numbers on fire prevention go hand-in-hand with the small number of fires they have, he said. Any citizen can have a fire detector installed and get an extinguisher free. He went on to show the number of inspections, plans reviewed, and burn permits issued. About twice as many people apply as are issued permits. Mayor Keyserling asked if you needed a permit each time you burn, and Chief Negrón said it lasts a year and can be renewed by calling in to the fire department.

Chief Negron showed the requested budget and what is in front of council, which is what was recommended. The total budget for this year is \$3.63 million. As compared trend-wise to prior years, he said, the high year was 2011, because of vehicle purchase, and this year is a spike because of the proposed purchase of the ladder truck to replace the one that was sold. When they had no capital expenses, it was less. The amount of personnel services remained basically flat for FY2013 – 2015.

O&M is down for this year from last fiscal year, Chief Negron said. They have reduced expenses as much as possible, and he reiterated that the spike in the capital is due to the new ladder truck (\$785,000), but aside from that, the FY2013 the budget was reduced significantly, and then for FY2014, council gave them money for furniture and other things they needed “to catch up their laundry list of needed line items,” so the proposed budget for this year is about \$324,000 for O&M and \$2,532,000 for personnel services. That, plus O&M and capital, amounts to the requested budget of \$3,637,000.

Mr. Dadson said the department heads were to present what they requested, but what he recommended was a different number. \$3.7 million is what was recommended for the fire department. **Kathy Todd** said the difference in the requested budget was from the quote for the truck, which was \$780,000, so the \$41,548 is an increase because the cost was higher than was initially estimated; Mayor Keyserling said the \$242,000 from the truck sale went into the Fund Balance. Councilman Sutton said they set aside money from the truck sale. Ms. Todd said the \$281,000 in Fund Balance would be released. Councilman Sutton said there’s a \$200,000+ credit that is NOT in there. Ms. Todd said the Fund Balance isn’t in there. It’s shown separately as a revenue source – “already received resources.” Ms. Todd said “it never nets against the expenditure; it’s always seen as a reduction in the debt.” The money is held onto. It will be released from Fund Balance when the truck is bought. The expenditure is still \$780,000. Ms. Todd said it’s governmental accounting. The net cash out of packet will be \$780,000, less revenue from the sale of the truck.

Councilman Sutton said the fire department is trending neutral, so “their numbers seem like they should be closer.” Ms. Todd said the salaries are a net increase of \$72,000, primarily retirement, health care, and longevity. There’s a decrease in operations of \$17,780, and then the capital wasn’t in last year’s budget, and it’s \$780,000, so the increases are the fire truck and the increases in salary and benefits.

Councilman Sutton asked the cash value of the truck that was sold, and Mr. Dadson said it was \$281,000. Councilman Sutton said the intent was that it be credited toward the fire department. Mr. Dadson said it’s doing that. Mayor Keyserling said it seems like it’s \$100,000 off when he does the math in his head. Chief Negron said there is an increase in personnel, and it’s substantial compared to last year. He said the O&M is less than last year. Mr. Dadson said “it’s all in the truck,” and Ms. Todd agreed. Mr. Dadson said

it's a one-time change in the budget; once the truck is purchased, "it's behind you." Ms. Todd said it's on page 9 in the budget summary.

Councilman Sutton asked staff to "do some elementary math and resend that to us," because he still doesn't see it adding up. Mr. Dadson said they would do that.

Chief Negrón discussed cost-sharing for fire service with the Town of Port Royal, which pays 24% (\$685,000), which doesn't pay a share on the ladder truck. The Mossy Oaks fire station is still on the table. They have had promising conversations with the architects, and all the difficult aspects of the land acquisitions are past; they are hoping for an August ground-breaking.

In regard to shortfalls, Chief Negrón said, the requested amount is reduced by \$20,000 in O&M. They have shaved off some of the emergency funds based on the history of how those funds go unexpended at the end of the year. Overtime was reduced thanks to the new personnel director; they noticed that trend and were able to reduce the request.

In regard to the fire marshal, Chief Negrón said that was a "shortfall." They are requesting one and showed what the duties were. They have a great need for one, he said. He has been doing it a lot for the last couple of years, and he feels it is a top priority for future years. Chief Negrón said they are in the process of working with BC3 to get the software installed for a fire inspection program based from an iPad. They have one inspector, who works every third day, but they will put an iPad at every station, and they "will make the inspections the job of the whole department." They will go through the city and town with the tablet, but they will have a problem then with someone doing follow-up, which is where the fire marshal comes into play.

Councilman Sutton said in regard to change for service, they have discussed it, and he asked if they could recoup those costs with charges for non-local calls. Chief Negrón said the ratio of collections vs. the costs of the billing, etc. didn't pan out. Councilman Sutton said with 30% of the calls being non-taxpayers, not in the city limits, and some that don't even live in the county, and he thinks they might consider that. Councilman O'Kelley said if the fire department shows up, and the EMS does too, they will get a bill from the county, not from the City of Beaufort. Mayor Keyserling said the fire department gets there first because the EMS is smaller and not spread out. Chief Negrón said they explored this, but they lack the volume of calls to make it worth it. There are fees, he said, that could be explored for non-taxpayers, and other fire departments do it; it could come in the tax bill. Councilman Sutton said that's one way of doing it. That would be how to recoup those expenses, and they had discussed doing it with not-for-profits. Mayor Keyserling said "that isn't recouping per call." Mayor Keyserling said "the 600-ish" number seems small compared to the police department's numbers.

In regard to the increase in the request, Mr. Dadson said it will go away next year but will be replaced by other capital needs. He said the Town of Port Royal has elected not to share capital expenses. Chief Negrón said the ladder truck will be at the new fire station in Mossy Oaks. Councilman Sutton and Chief Negrón discussed why the old truck was sold. They are getting a 75' truck with two axles, not a bucket, and it will respond to structure fires. Councilman Sutton asked if it would go on medical calls. Chief Negrón said that is not his intention. The response area will allow it to only respond to big major calls. Councilman Sutton asked what it would do to the rating and service ability, and Chief Negrón said they're a 2 (rating) and don't need a 100' truck. For ISO purposes, they have to have a ladder truck replaced. Mr. Dadson said they are rating "our side" in regard to the ladder truck. Councilman Sutton said without city growth they won't be able to purchase such things in the future. Chief Negrón said he's not looking forward to next year with their O&M, and they will have to reduce personnel. They are as flat now as they can get with O&M. The only other cut they can make in large numbers is personnel. There are 11 firefighters per shift; 33 all told.

Councilman Sutton said they have discussed quality of service and "have weeded out every year." "Council will have to be told what each department can't do at some point," Councilman Sutton said. They can reduce service requirements by not going out on medical calls. He said they need to be straightforward at some point as to what they can't do if their budget is reduced.

Conway Ivy said when he was in business, if a budget is approved, the chief could spend that money, so if the sale of the truck were added into this budget, it would "reflect more accurately." He asked if the equipment is on a depreciation schedule. It should be a separate line item, he said. Mr. Dadson said they do those things, and they do fund accounting, not cash accounting. They can answer questions that way, though. He said they show depreciation and it is shown on the schedules.

MUNICIPAL COURT

Linda Roper shared the Municipal Court mission statement. They were able to upgrade the AV system in the courtroom, and it's improved presentations and is more user-friendly. They have added informational Power Point presentations to show what will happen in court, so people know their rights. They have developed policies for standing documents and purchased a scanner. To understand what they were going to use it for, Ms. Roper said, they interviewed other courts to determine what they did. They will add correspondence. They developed the policies, purchased the scanner, and will scan in the next fiscal year. They disposed of 5014 cases year-to-date, and 6017 are projected for the FY2014. They processed 5645 year-to-date and project a total of 6774. Ms. Roper explained the difference between processed and disposed of cases. 138 jury trial cases were processed this year. They have no backlog of pending cases.

In bond cases, Ms. Roper said they have processed 3305 cases year-to-date, and she went on to explain the collection and disbursement of bond money to agencies year-to-date. In regard to revenue collection, she reviewed numbers for total payments received, state assessments, victims' assistance money, and fines retained. They collect a lot more money than they keep, Ms. Roper said - 35% at the most.

Mayor Keyserling asked why the numbers were down. Ms. Roper said it was partly the economy - people don't have the money, so they serve time instead of paying fines. The caseloads are about the same "but it's harder and harder to collect." They have a collection process in place when collections are owed: they suspend licenses (for traffic offenses) or issue a bench warrant.

Ms. Roper showed the recommended budget and what it included: the implementation of scanning to the Case Management System, mandatory training for all staff members, annual maintenance of security screening portal, an informational digital sign for the lobby, replacement of the printer for Bond Court, and additional jury trial terms.

Ms. Roper showed the operational budget breakdown, including uniforms, contractual services, court jury fees and other costs, etc., for a total of \$51,478.

Councilman Sutton said this is just the operations costs, not salaries. The city manager recommended \$300,000. He said that they should understand the rest of the budget, the \$400,000 total. Ms. Todd said page 10 of the budget summary shows the salaries and benefits of Courts: requested, recommended, etc. She said the net increase was about \$6000: \$1000 to salaries and about \$5000 to benefits. Mayor Keyserling said the maintenance of the building is another line item; Ms. Todd said maintenance of facilities is in "Non-Departmental."

Councilman Sutton asked, "What is paying for this?" Mr. Dadson said fines and fees and intergovernmental agreements with other governments. \$300,000 comes from fees, and the General Fund pays the balance.

Councilman Sutton said he'd like to see a percentage breakdown of the General Fund that showed the costs, so he could see the fixed costs of having a court for citizens, for example. They could show what percentage of someone's taxes go to keep the courts open. Ms. Todd cited a place in the CAFIR where those functions that generate revenue are shown, as well as the net expense and all the other revenue sources that support that net expense. Courts would fall into "General Government," and there were more revenues brought in to support general government that didn't use property taxes or other revenue sources to support them. She said it would be fairly easy to narrow it down.

Mayor Keyserling said they have had a pie chart before that is inclusive of all expenses. Councilman Sutton said he'd like a simpler graph to see what department has the biggest draw on the revenue stream without something to pump it up and support it. The courts are hand-tied by the state. Mayor Keyserling said "the web site is totally confusing" for citizens. Ms. Roper said last year they went back and took the manpower costs divided among the municipalities, and they raised the fees for one of them to try to make it equal. The Town of Hilton Head and the City of Beaufort are neck and neck, and the Town of Bluffton and the Town of Port Royal are the smaller caseloads.

Councilman O'Kelley asked on a typical day how many bond hearings they have. Ms. Roper said it's probably about 8 in the morning and 3 in the afternoon, and that is spread amongst the municipalities. She said since it's heated up in the last month, they are seeing caseloads of 10 – 14 in the morning. It's been across the board and across agencies. It's really risen in the last two months, she reiterated.

Joe McDermott asked who pays the state assessment "when someone doesn't pay the fine and would rather go to jail." Ms. Roper said they can pay it through the mail or go back to jail, but the court is "constantly trying to collect the fine," and "then maybe when they get tired of going to jail, they pay the \$55 and then the state gets it." Mr. McDermott said he thought she meant the city paid it.

Mr. Ivy asked, in the municipal court budget, how the \$200,000 difference from fines retained goes. Mr. Dadson said the total budget is \$400,000, so fines retained go back into the General Fund and support the running of the court. Mr. Dadson said property taxes pay to have the court system run, and the General Fund supports that, not fines. Mayor Keyserling said the courts nor the city keeps the money from fines, and "65-70% of the blue tickets go to the state." The other jurisdictions compensate Beaufort for the bond court, and Mr. Dadson said that works out well for Beaufort since they would be in court anyway. Ms. Roper said they may have fines raised by another \$25, and that will go to the state, too. The state hasn't touched the fine amounts, and they are fixed for the city.

Councilman Sutton asked how much it costs the city when the judges reduce fines. Ms. Roper said it's about the same. Councilman O'Kelley said if it's reduced from a 4-point to a 2-point ticket, less goes to the state. Ms. Roper said it's "a conviction fee"; if you're convicted, you have to pay a state assessment.

Mr. Dadson said that next week at the workshop, **Isaiah Smalls**, Public Works director, could come back and make his presentation then, since he has 7 subsections of his budget to cover, and there's little time left.

Mayor Keyserling suggested they cover Southside Park and then maybe reconvene on the capital sales tax. Councilman Sutton said he could add it in at the Public Hearing.

Mayor Keyserling said they have a deadline of Monday. **Ivette Burgess** said they're not allowed to amend the agenda without 24 hours' public notice.

PROPOSED SOUTHSIDE PARK LWCF (LAND & WATER CONSERVATION FUND) GRANT

Liza Hill said that the Land Water Conservation Grant (LWCF) cycle occurs every 2 years, and was the original funding for Waterfront Park. It's restricted to outdoor recreational use. The only projects that are eligible are those that have previously received funding, so that limits it to Southside Park. She shared the amount of available funds. The property must be owned outright. Possibilities for Southside Park include a small playground for \$50,000 + a dollar for dollar match; a walking trail; construction of 3 tennis courts; a somewhat larger playground or more amenities; construction of the walking trail with 2 bridges in order to have a contiguous trail; and tennis courts "with a bit more of a complex." Funding is for \$50,000 to the maximum of \$250,000. Ms. Hill said there's \$25,000 for Southside Park in the budget to be used for re-milling in the current year and for the purchase of fencing for the dog park. Mayor Keyserling said they would have to find a way to come up with the match. Ms. Todd said the normal annual allocation for Southside Park each year is \$25,000.

Ms. Hill said in regard to the efforts at matching monies with private funding, she can't speak to it. Councilman Sutton said he hasn't "understood a word about the private sector." Ms. Hill said she has a quote for \$12,000 for fencing installation, and the remainder would use up the funding for the re-milling. The thought was that once they could show that the dog park was moving forward, they would be able to raise the funds from the community. Councilman Sutton said it "sounds wonderful," but there's no funding to match it beyond the \$25,000 budgeted from the city. Ms. Hill said when they built Pigeon Point Park, it was with TIF funds and the community. If they wanted to find the funding for the minimum, she thinks the majority of the match could be in-kind. Mayor Keyserling said that's all they could do at the moment, though they would like to do it all. If they don't have matching funds, they should go for the smallest one. Ms. Hill said there's no guarantee it would all be in-kind, but that's what they did with Pigeon Point, which was done with cash raised and in-kind.

Councilman Sutton said this doesn't cover maintenance, and there's not that much money to match anything. Councilman O'Kelley said there might not be much after everyone fights for the \$800,000 (in available grant monies), and Ms. Hill said there were 22 at the grant-writing seminar. Councilman Sutton said the walking trail stands out to him, which is a key component of Southside Park. Mayor Keyserling said the millings could count toward the in-kind. Ms. Hill said the re-milling they could use, but the purchase of the original millings can't be used for that. Ms. Hill said the trail construction can't be in-kind.

Councilman Sutton said "numbers coming up like this to get a grant make no logical sense" to him. He said it doesn't apply in this fiscal year unless they have private

funding, owing to the budget. Ms. Hill said the playground has a greater percentage of in-kind than the other options. The grant has to be submitted at the end of this month, Ms. Hill said. Councilman Sutton said the Parks committee has to determine the highest feasibility projects to be completed with the \$50,000 from the city being dedicated to their part. If they expect a line item and to not cut the Southside Park budget in the next two years, that's the only way they could pledge ahead. Ms. Hill said the LWCF grant would be available again in 2017. It works if there is money to match. A lot can be done with the \$25,000 line item, she added.

Ms. Todd said nothing is budgeted for Southside Park for next year; there is just \$25,000 for FY2014. The department starts the budget process on the requesting end, and it wasn't there, so it never got carried forward. Mr. Dadson said council could deal with that. Mayor Keyserling said he's "hearing it's a no-go at this point in time," and they should be setting aside money in the budget early in the process.

Kathy Lindsay said that the grant cycle ends at the end of May, and she has spoken to the head of granting at SCPRT. This year, the money was set aside for older sites LWCF like Waterfront Park, and she had asked if Waterfront Park was eligible and was told the maximum available would be \$250,000, and unlike some parks, Waterfront Park "could fall into the sea if it's not repaired." Amy, the person Ms. Lindsay spoke with seemed to her to be encouraging, and hopes to also get another \$600,000 from Congress, so it's a huge potential grant for Waterfront Park, Ms. Lindsay feels. She said if there's something that needs to be repaired or replaced at Waterfront Park, they have until the end of this month to apply for this grant. Mayor Keyserling said Mr. Smalls is fixing sinkholes every day, and Councilman Sutton said they have a day dock, too, which would enhance the park. Ms. Lindsay said she thinks that Amy thinks the Waterfront Park is 10 acres, and Ms. Hill said it's only 8.2 acres so technically ineligible for this grant.

The work session was adjourned at 6:53 p.m.

A regular meeting of the Beaufort City Council was held on May 13, 2014 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, Mike McFee, Mike Sutton, and George O'Kelley.

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

Councilwoman Beer led the invocation. Mayor Keyserling led the Pledge of Allegiance.

PROCLAMATION OF MAY 2014 AS MOTORCYCLE SAFETY AWARENESS MONTH

Councilwoman Beer read the proclamation and presented it to members of the "Leather and Lace" motorcycle club. **Councilman McFee made a motion, second by Councilman Sutton, to approve the proclamation. The motion passed unanimously.**

PUBLIC COMMENT

John Ward, St. Helena Island, expressed concern about the Lobeco Cannonball Jellyfish Processing Plant. He was invited to a similar plant and said "the scent was horrible," and if there were such a plant, the scent would scare tourists away from Beaufort and the property rates would drop. Mayor Keyserling said he had read that DHEC didn't approve the permit, and Mr. Ward said they have a temporary permit, which they violated by polluting.

John Dickerson congratulated the city for releasing the money for the day dock, which he called "an important part of development for downtown." Groups are trying to fill the day dock, and a landing place will be important for economic development.

Edie Rodgers congratulated Councilwoman Beer on her presentation to the motorcycle club. She thanked council and staff for relocating the cement tables and benches from Secession Park. She discussed a picture with beautiful lilies in that park and said she would try to raise funds for planting there.

Ms. Rodgers also said she had written a Letter to the Editor about the day dock, part of which was cut, asking that the matter be revisited because she "and many others" don't feel it's in the best interests of the city. She said, "there can be no denying" that it is "a special interest project." She said the water sports building and the day dock "should have been two totally separate projects" and neither is in the best interests of the taxpayers. She doesn't believe they'll make enough in sales taxes from day dock users to

balance the budget increase from the day dock in the approved location from maintenance and potential damage to the sea wall in the event of a storm. She read the portions of her letter that were excised before publication and said she believes “it’s time for the masses to also make themselves heard.” Ms. Rodgers shared an anecdote about meeting someone who didn’t know the day dock was going to be built and was “alarmed.” The only people whom she believes supported the project at council meetings were those who were solicited to appear via email.

Councilman Sutton said he doesn’t feel that council had anything to do with the benches at Secession Park; “staff put them there and staff removed them.” In regard to Waterfront Park, he said he was happy that people could voice their opinions about what is or isn’t built there; as a council member, Councilman Sutton said he “wholeheartedly supports” the day dock, and he will continue to champion the project when he is off of council. Ms. Rodgers said that she has heard about “economic vitality repeatedly until it was sticking in my craw.”

Maxine Lutz asked as a point of order if minutes of the meeting were being taken, and she was told they were.

Mr. Dickerson asked for a minute to rebut Ms. Rodgers’s statement. He said the “masses” appeared at council on this matter because they wish to use the Waterfront Park for water sports, rather than just having it be a place to visit for those from out of town.

PUBLIC HEARING: UDO AMENDMENT REVISING SECTIONS 2.7.F AND 3.21.B PERTAINING TO THE HISTORIC DISTRICT REVIEW PROCESS, TO IMPLEMENT THE SPECIAL ASSESSMENT FOR REHABILITATED HISTORIC PROPERTIES ORDINANCE

Mayor Keyserling opened this public hearing. **Libby Anderson** said council adopted an ordinance on first reading to apply a special tax assessment to historic structures that have undergone substantial rehabilitation according to preservation guidelines. The ordinance would freeze the tax assessment at the pre-rehabilitation level for 10 years and would apply to all structures in the Historic District that are more than 50 years old, and, at council’s request, all structures outside the Historic District listed on the Historic Site Survey. Those structures outside the Historic District can be designated historic under a provision in the UDO that sets up a process for designating a site as historic. This section hasn't been used in quite some time, and it was felt it might require “wordsmithing,” Ms. Anderson said. The UDO was updated in 2003, and it basically says that the historic designation is a rezoning, but it’s not applicable to structures outside of the Historic District. They would like to take the wording back, then, to the pre-2003 wording, which is that an action by council can designate a site as historic.

Ms. Anderson said the proposed renovations to qualify for the special assessment must be approved by the Historic District Review Board. So staff feels it’s appropriate to

modify the section of the ordinance that applies to the Historic District Review Board to call out their authority to review renovations to these structures outside the Historic District to clarify the ordinance. Ms. Anderson said this was presented to the Metropolitan Planning Commission at their meeting the previous month and they recommended approval.

Ms. Lutz said that Historic Beaufort Foundation supports the changes. She is happy council supports extending the special assessment to structures outside the Historic District, and she feels the Historic District Review Board is the appropriate body to review the alterations.

Mayor Keyserling asked Ms. Lutz if she had spoken to **Rick Caporale** on the county Finance Committee and Ms. Lutz said she had spoken to three county council members who told her they agreed with her. Mayor Keyserling asked her to “push them.”

Mr. Dickerson said it’s important to remember that there are run-down properties out there that are historic but are lying fallow and not being renovated by their owners. This ordinance will provide an opportunity to encourage property owners to invest in their properties and to increase their value. **There being no further public comment, Mayor Keyserling closed this public hearing.**

PUBLIC HEARING: DECLARATION OF 814 NEWCASTLE STREET AS UNFIT FOR HUMAN HABITATION

Mayor Keyserling opened this public hearing. Ms. Anderson said in December of last year, council had a hearing in regard to this building. The owner of the property was not able to be present at the meeting and had no proper power of attorney. As a result, the hearing is being held again. Staff is again recommending council take action to demolish 814 Newcastle Street under specific provisions of the city code. The structure was severely damaged by a fire in 2012. The roof has partially collapsed, and the building has been open to the elements for 16 months. The Historic District Review Board approved the demolition of the structure in July of 2013, but the property owner had difficulty obtaining insurance funds to have the building demolished. Meanwhile, the property continues to deteriorate, and the city has received a number of complaints.

The structure’s owner, Estella Smalls-Johnson, said she was incarcerated, and her husband tried to work with the insurance company but his isn’t the name on the mortgage. She has the paperwork now telling her that she has a \$7000 check. She doesn’t want the city to approve demolition because she has grandchildren and she wants “to leave them something.” Mayor Keyserling said she filed a claim and got \$7000; Mrs. Smalls-Johnson said they didn’t want to give it to her all at one time, so she doesn't have it. The insurance company wants to inspect the house, she said, and they will make the house habitable.

Mayor Keyserling said this is a public hearing, so no action will be taken; therefore, he suggested she get with Ms. Anderson and “straighten this out before we do take action.” Ms. Anderson said there was an action item later on the agenda in regard to this matter. Mayor Keyserling asked Ms. Anderson to talk with Mrs. Smalls-Johnson and review the documentation she presented before council takes any action. **There being no further public comment, Mayor Keyserling closed this public hearing.**

MINUTES

Councilman Sutton made a motion, second by Councilwoman Beer to approve the minutes of the council work session April 15, 2014. Councilman O’Kelley pointed out that in two places, initials were used instead of names. **The motion to accept the minutes as amended was approved unanimously.**

Councilman O’Kelley made a motion, second by Councilman Sutton to approve the minutes of the council work session and regular meeting April 22, 2014. The motion to accept the minutes as presented was approved unanimously.

Councilwoman Beer made a motion, second by Councilman McFee to approve the minutes of the council special work session April 29, 2014. The motion to accept the minutes as presented was approved unanimously.

ORDINANCE APPROVING THE LEASE TO GOVERNMENT SERVICES ADMINISTRATION (GSA) OF 1,648 SQUARE FEET OF OFFICE AND RELATED SPACE IN THE POLICE AND MUNICIPAL COURT BUILDING

Councilwoman Beer made a motion, second by Councilman Sutton to approve the ordinance on first reading. Ms. Todd said on March 5, the GSA contacted Mr. Dadson to see if there was city rental space available for the Federal Probation Department, which is currently located in the federal courthouse downtown but whose lease is up soon. The Municipal Court building was built with the intention of finding other government entities to utilize the space, Ms. Todd said. Mr. Dadson called a meeting of staff to look at the lease agreement and discuss the pros and cons of such a lease. Some of the benefits are additional revenues for the city for 10 years; the federal government would share in the cost to renovate the space; there may be additional opportunities because they know there is additional space in that building for rent. Staff met to review the documents and the first floor needs, to ensure there will be no space conflicts and meet the GSA’s requirements. The police administration will relocate to the second floor to accommodate this lease.

Ms. Todd said following many discussions, Ms. Todd and Mr. Dadson met with council in Executive Session, then submitted their proposal to the federal government on April 4. On April 30, the GSA notified the city that the City of Beaufort was selected, pending council’s approval. The city will receive a “firm term” lease of the lease amount plus the cost to upfit the space. In the first five years, that would be \$59,909 with both

components included. After that term, the rent would drop to \$49,044 for the next 5-year term, which is just base rent.

The amount of the upfit is an estimate at this time. There are different ways they are able to pay for the upfit. Mayor Keyserling said the net is fixed, and Ms. Todd said yes, adding that it will be a benefit to the city. The city has issued an RFP for architectural services and is taking steps to issue an RFP for construction so they'll be "ready to engage."

Mayor Keyserling said the base price was \$26-something per square foot, and Ms. Todd said it's \$29.76 per square foot. She broke the figure down and said it's \$22 per square foot "on the shell." Mr. Ivy asked if the \$59,000 included the renovation. Mayor Keyserling said the renovations are amortized over the first 5 years of the lease with a 3.25% interest rate. Mr. Ivy asked the net benefit to the city. Mayor Keyserling said it's \$22 per square foot plus costs. Ms. Todd said \$44,000 would be the net benefit to the city. Ms. Rodgers asked if the money from the lease would be put into a fund to pay debt service or pay principle down. Mayor Keyserling said they have not discussed it, and he would like to see it go into the operations budget. **The motion passed unanimously.**

DECLARATION OF 814 NEWCASTLE STREET AS UNFIT FOR HUMAN HABITATION

Councilman Sutton made a motion, second by Councilwoman Beer, to approve the declaration for discussion. Ms. Anderson said the homeowner had left, and Ms. Anderson would like to set some guidelines in case things don't work out. An idea might be a demolition scenario if the insurance company says it can't be repaired, and another possibility is "a rehab scenario." With demolition, council could designate it unfit for human habitation, and give the property owner 45 days to get a demolition permit and then 15 days to do the demolition. Ms. Anderson said a rehab scenario would take longer; council could give them 60 days to file for a building permit for a rehab and the 15 days to commence once the permit is approved.

Mayor Keyserling asked what the insurance letter said. Ms. Anderson said it said that the next draw will be given when the repairs were 50% complete, but no amount was given. Councilman Sutton asked if the company listed itself as an insurance agent or a mortgage company. It is Nation Star, which Councilman Sutton said is a mortgage lender, "so this is a construction loan apparently." Mayor Keyserling said he agrees they should set timelines, but he feels council doesn't have enough information to know what to do, either way. Councilman O'Kelley said there should be an in-depth discussion with the homeowner, and her permission should be obtained to bring in the lender or insurer to determine their plan and ensure that the job isn't half-done.

Councilman Sutton said what's on the table is a vote that the structure is unfit for human habitation, and he feels it's fair to vote on that. It doesn't mean demolition

would be triggered. Ms. Anderson said that would be the next step. Councilman Sutton advocated declaring it unfit for human habitation. The next step would be for the homeowner to obtain permitting to get something done – stabilization or cleanup, though \$7000 isn't enough for cleanup. Mayor Keyserling advocated getting clarity and a plan. Councilman McFee said when the Historic District Review Board approved demolition, the owner had requested it. Ms. Anderson said the owner's husband had requested demolition under a power of attorney, which the city attorney determined wasn't appropriate in the state of South Carolina.

Ms. Anderson said declaring it unfit for human habitation really is a precursor to demolition. Councilman Sutton said he supports demolition on structures like this, and they should put it on a path to demolition, and the only thing that would stop it is if these other events took place in some given timelines for the homeowner to get a permit and for staff to accept it. Councilman Sutton said historically, burned down houses take years to get to demolition in Beaufort.

Councilman O'Kelley reiterated the findings of fact that Ms. Anderson had given to council. He agreed with Councilman Sutton that \$7000 "won't touch" the amount needed to demolish the structure, much less repair the roof.

Councilman Sutton made an amendment to his motion: to approve the structure as unfit for human habitation and direct city staff to order demolition with a clause that allows the owner 60 days to present a plan to the city for saving it, or else it will be demolished. Councilman Sutton asked Ms. Anderson if she believed that 60 days was enough time for someone to obtain a permit to do something with this structure. Ms. Anderson said she did. Getting the insurance company involved is important. Councilman Sutton looked at the letter to determine if it was from an insurer or a mortgage company. He said the amount of money they issue to the homeowner is contingent on 50% of the work being completed. Mayor Keyserling said he feels they need to give Ms. Anderson the latitude to make a 60-day plan. **Councilman O'Kelley seconded the amendment to the motion. The motion passed unanimously. On the vote for the amended motion, the motion passed unanimously.**

REQUEST FOR STREET CLOSURE FROM USCB TO HOST BEAUFORT HOMEGROWN MUSIC FESTIVAL

Councilwoman Beer made a motion, second by Councilman Sutton, to approve the request for the June 6 and 7, 2014 event. Tammy Gates said they are planning a two-day local music festival with local arts and crafts and food vendors. The evening entertainment is inside, she said. Ms. Burgess said the police department supports the initial request to close the streets, but there are other issues that they are trying to work out in regard to the event organizers or the university obtaining a temporary business license for alcohol sales. Councilman McFee clarified which portion of the street would be closed. Mayor Keyserling said it's Washington Street, "the street between the two

buildings.” **The motion passed unanimously.**

EXECUTIVE SESSION

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilwoman Beer made a motion, second by Councilman McFee, to enter into Executive Session for the purpose of legal advice and discussion regarding city-owned property. The motion passed unanimously.**

Mayor Keyserling called the resumed work session to order.

Councilwoman Beer made a motion, second by Councilman McFee to come out of the Executive Session and resume the work session in the Planning Conference Room.

DISCUSSION OF CAPITAL SALES TAX LIST

Mayor Keyserling said after he had gone the previous night “to watch Hilton Head,” he’s “not sure what chance this has,” as among the projects that have been submitted are a charter school (and another one coming); 2.5 miles of road proposed at \$28 million; 2 new bridges and 4 bridges that need to be replaced; \$69 million proposed for property for economic development; the port being purchased by the county; and a \$5 million road from Ribaut Road to the port. The committee of six representatives, 4 of whom were recommended by the municipalities and the other 2 by the county, will next week take the last set of suggestions and then present a list to Beaufort County Council in June; county council will vote yes or no on the entire list, to which they can’t make changes.

The lists are online, Mayor Keyserling said, and Bluffton has appeared 3 times and probably will appear for a 4th. With the exception of a spec building at the Commerce Park, everything else on Beaufort’s list is out of the Civic Master Plan: the park extension, a parking garage, and street improvements. Mayor Keyserling said he plans to say that all of these projects have been a part of the planning process; “nothing is pulled out because Santa Claus is here.” He said he’d also say that he’s Jewish, so he should get 8 for every 1 the others get because on each night of Hannukah, Jews get a gift. He feels Beaufort shouldn’t be bashful about asking for what they want.

There’s no real priority on the projects for which they are asking for funding, though they may be asked to prioritize by the committee. Mayor Keyserling said the total of the list is \$28 – \$30 million. The parking structure is half of that, but there are ways around that. Maintenance on the Waterfront Park extension was less than was originally thought. “Civic Green” has “all but committed money for maintenance” on the extension, he said.

Mayor Keyserling said after listening to the presentations, he would recommend that instead of the spec building, they ask for money to do a 4-lane road into the Commerce

Park. The LEA and Thomas and Hutton have been working with the county on the best place for industrial growth, and they have determined that it's the Trask property around the Commerce Park for that kind of commerce to happen or another place in Yemessee because of rail access. With the Minster Building and a skeleton building available, a spec building would be good, but "maybe a more dignified entrance to the Commerce Park might be better," BK speculated, since there are 2 buildings there already. **Kim Statler** has that in her request.

Councilman Sutton said "this is all politics." There are only a couple of things on the list that the public would support with what the county is trying to do. He doesn't believe the penny tax will pass. But the Waterfront Park extension and the parking structure are the only two things on the list he feels the public is tuned into right now and would have a chance. Mayor Keyserling said he agrees but thinks Southside Park "might drive more than you think." Councilman Sutton said "the Commerce Park doesn't have a chance in hell." Mayor Keyserling reviewed the four capital sales taxes that the county has had; 2 failed, but county council is "going to determine where the votes are and what they will buy." So they do need Northern Beaufort County, but BK agreed that the parking structure and the Waterfront Park extension are the most likely to be funded. Councilman Sutton said he couldn't support either of them if they're separated.

Mayor Keyserling suggested that they submit the list, and do the presentation, but if they come back and ask council's priorities, he needs guidance from council. Councilman O'Kelley said he thinks the first 3 projects are "pretty good if you have to shoot from the hip right now": the parking structure, the extension of Waterfront Park, and Southside Park. Councilman O'Kelley suggested that the parking structure and park extension be 1a. and 1b. Councilman Sutton said they could re-write the proposal so it's clear that they need to be funded together.

Mayor Keyserling asked about the garage pricing. Mr. Dadson said land acquisition costs were \$1.3 million, the parking structure at 450 spaces at \$14,000 apiece is \$6.3 million (numbers from Darden), and liner buildings of 46,000 square feet are \$8 million. Mayor Keyserling said a smaller option that meets the park needs and some growth needs is harder to do because it will have to be covered with shrubs, but the liner building is more expensive. Mayor Keyserling asked if the city wouldn't want to sell the property to the private sector to build the liner buildings. Mr. Dadson said the push-back is that liner buildings can't be done, so that's why they estimated it that way. He stressed that this is "a political list," not one where the actual project has been "value engineered," etc. The estimates are based on knowledge of the market. Mayor Keyserling said he expects to be grilled and wants to know more about liner buildings. Mr. Dadson said this price includes building in liner buildings.

Mayor Keyserling lamented the loss of the local option sales tax (LOST). Councilman O'Kelley said he can't see how those who voted against LOST "are pumping this." Mayor

Keyserling said he didn't think they all would pump it. Mr. Ivy said for the Commerce Park, in regard to the spec building, under the Capital Projects Sales Tax Act, there's a provision that disallows those type of expenditures. He suggested that Mayor Keyserling could read this section, and some things that are being proposed would be eliminated. As a taxpayer, Mr. Ivy doesn't think the city should be making speculative investments. He feels that "the concept of a spec building," though not appropriate under the Sales Tax Act, would not be good because all investors have different needs. Mayor Keyserling said they have lost 3 businesses that wanted "a box," just a 20,000 square foot building. Mr. Ivy said they "could reverse that in terms of build to suit." Mayor Keyserling said most of the Commerce Park's in South Carolina that are getting business, are getting it because they have a spec building. Mr. Ivy said he's making "a policy statement" in opposition to such a purchase.

The streetscapes that are proposed, Mr. Ivy also disagrees with, stating that they "don't add value" and "are not needed at this point," so "to use tax money for it is just government ... chasing after money." In regard to the parking structure and the Waterfront Park extension, Mr. Ivy suggested that he doesn't know if \$3.5 million for Sasaki Phase 2 would work. He said there's also talk of adding the Kresch property. Mayor Keyserling said the city isn't talking about that; he's "been told the private sector is going to do that." Mr. Ivy said if the city is going after money, and they want people to support a project, he suggested that this should be added in.

In regard to the parking structure, Mr. Ivy feels the \$8 million for liner buildings should be done with private funding, and the city shouldn't fund those buildings. "A private party wants to look at doing the parking structure," Mr. Ivy said, and Historic Beaufort Foundation agrees that the parking issue needs to be solved, and "it has to be economic" as well as being within the constraints of height, mass, and scale. Mr. Ivy reiterated there may be other things on the list from other municipalities or the county that aren't legal under this Act, and Mayor Keyserling could let the county know that.

Councilman Sutton said there's the option that they could not submit anything, and Mayor Keyserling said that's true, but if the penny tax passes, then the city will be out. Councilman Sutton said green space purchases always pass, so if they do the Waterfront Park extension, it will get "25-30% of the vote right there." He feels most of the other projects wouldn't pass, so the city is in a position of trying to fund things that aren't on its CIP list. Mayor Keyserling said the county told the city that its CIP list, which was mostly deferred maintenance on state assets that haven't been maintained, was unacceptable.

Mr. Dickerson said he agrees with the concept of putting the park and the parking garage together. If they take the liner buildings out, it will be \$7.8 million and they could then build in a modified Sasaki plan and maybe be in the \$12 million range, which might be a more palatable number. Mayor Keyserling joked that Mr. Dickerson was being

reasonable in an unreasonable process. Mr. Dickerson suggested that Mayor Keyserling's PowerPoint presentation "start with the Why": why this is important to the economy, the community, tourism, "and how it will make us all better."

Councilman Sutton said he would make the assumption that the projects would create construction and maintenance jobs and increase business downtown, which would mean more jobs, plus more buggy tours that create more jobs, etc. He said a lot of the questions are loaded, and he feels they should expand on the regional park concept. He thinks the parking structure verbiage should be "softened." Mayor Keyserling shared some of what he had written for presentation about the park extension.

Mr. Ivy said county council supports this tax, and they want to figure out which projects to pick to get this passed. South of the Broad is loading up the list, so they have to throw North of the Broad a bone, so city council needs to identify what county council will throw the bone to. Mayor Keyserling emphasized that they don't know if county council supports this, just that they didn't support the LOST. Beaufort has to submit something, he feels, or it does a disservice to the city if the tax passes and Beaufort gets nothing.

Councilwoman Beer and Councilman O'Kelley agreed that Mayor Keyserling should propose the first 3 projects on the list. Mayor Keyserling said they'll ask him if he endorses Ms. Statler's \$7+ million in improvements to the Commerce Park. Councilman Sutton said it's fair that city council would endorse that, even though it's not their request. Councilman McFee asked if that's including the road, and Mayor Keyserling said it's infrastructure: re-doing the roads but probably not buying the Trask property.

Mayor Keyserling said the county's \$89 million request has in it certain projects for the municipalities that are theirs. He spoke to the county manager about that and concluded that Beaufort needs to have the county put Beaufort's projects on its list as well. These 3 projects will be good for that. Councilman Sutton said the Waterfront Park is a regional issue and will get more votes. The parking garage is a local issue. Southside Park is also local, at a neighborhood level.

The meeting was adjourned at 9:29PM.