

A work session of the Beaufort City Council was held September 16, 2014 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling and Council members Donnie Beer, Mike Sutton, Mike McFee, 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.

DISCUSSION OF AGREEMENT WITH MAIN STREET BEAUFORT RELATED TO THE APPROPRIATION OF PARKING REVENUES

Mayor Keyserling said that "historically, there were 3 missions" to accomplish by outsourcing parking: to have someone solely focused on parking would mean they could do a better job than the police officers were able to do because of needing to do their other duties; someone who'd been in the parking business would have a level of experience that would be helpful; the money made from parking would be set aside to be invested in Main Street Beaufort for additional marketing, and the Redevelopment Commission would be a partner, too, but this didn't work, he said, because it put Main Street Beaufort and the Redevelopment Commission in a bind when the public continued to come to council and the city with their complaints/concerns. The money remains segregated and goes back into downtown, still, though.

Councilman Sutton said he has heard no request for changes. Mayor Keyserling said they will proceed with parking, but Main Street Beaufort and Redevelopment Commission won't be part of that contract. The contract with the vendor will be the city's, **Kathy Todd** said, and Main Street Beaufort won't be involved. There will still be a parking fund, and 25% off the top goes to equipment. "It's still segregated money for downtown," Mayor Keyserling said, but it's a question of how they will do it. He said they still want to keep the \$40,000 in for Main Street Beaufort; the 15% is a question, though, as is the Redevelopment Commission. He would like to see the money all go to the Redevelopment Commission but earmarked for infill, redevelopment, and maintenance issues downtown. Mayor Keyserling would like someone on the Redevelopment Commission to meet with the property owners downtown to show them the opportunities there could be in the vacant lots and buildings there. There are close to 1000 private parking spaces occupying land where there could be buildings, he said. Mayor Keyserling said he has a Charleston side yard-type building; "there are 6 parking spaces" on the property. In the back is a 2-bedroom cottage house. He could put in a building to generate either business or residential revenue for himself and the city. There are 5 parking spaces in the back of John Cross Tavern that could be room for a building. He went on to indicate other places that a building could go, which "would drive a need for parking, and the revenue would possibly indicate how a parking garage makes sense." Mayor

Keyserling said while Main Street Beaufort is extraordinarily successful at promoting events, it's still not successful at the real estate part of it, and he feels the Redevelopment Commission should be asked to do this work. This could allow someone to focus on what the marketing study downtown said Beaufort needs.

Councilman Sutton said \$40,000 goes to Main Street Beaufort now, and Mayor Keyserling said that would stay. The 15% given for marketing is after the vendor and the capital expenses are paid. Ms. Todd said the 4-year average is 35% of the total parking revenue that the city receives. The average annual take is \$150,000: \$40,000 goes to Main Street Beaufort, \$25,000 goes to the capital fund for replacements, which leaves \$85,000. \$12,500 has been going to marketing.

Councilman Sutton said there's not a paid employee at the Redevelopment Commission, so he feels mandating them to the task Mayor Keyserling spoke of "would make it difficult to track." Mayor Keyserling said Main Street Beaufort "has been asked to do this piece over and over" and hasn't. The Redevelopment Commission will either disband, or they will get staff support, he feels. With this specific side – implementation of the Civic Master Plan, infill and redevelopment – the Redevelopment Commission should be given the shot at making this happen. If they had someone with a real estate and redevelopment background, they should be "able to do 4-6 Baptist Church-type deals a year," Mayor Keyserling feels. When he was on the Main Street Beaufort board, half the members were building owners. That has changed. They are missing the actual marketing of space and opportunities for downtown. He said he had met with a builder who was looking for lots in town. Mayor Keyserling suggested that he find people interested in owning short-term rentals, and they could pick a lot, and then this developer could buy the lots around it to do infill.

Councilman Sutton said that the remainder goes to Redevelopment Commission; around \$70-72,000, according to Ms. Todd. **Scott Dadson** said the RDC budget is in the city's budget. If the Redevelopment Commission wants to spend money, they have to come to the city. Expenses that have come out of their funds, Ms. Todd said, include RDC projects done by the Lawrence Group and PR that the Redevelopment Commission did, which means it "paid for some of John Williams' time."

Councilman Sutton asked Ms. Fabian to tell council what Main Street had done with the \$13,000 / 15% they had received from parking; Ms. Fabian gave the Main Street dollars promotion as an example. They were all spent downtown. They use that money specifically to market downtown through local and regional promotions. Ms. Fabian added that TDAC "no longer awards money for marketing in Savannah" – though SCPRT says it's allowed – and Main Street Beaufort is the only organization that does market there.

Councilman O'Kelley said he doesn't know how much Main Street Beaufort gets from the city. Ms. Fabian said she would tell him in her presentation. She gave handouts related to Main Street Beaufort's income and expenditures.

Councilman O’Kelley said, “It looks like you’re making money.” Ms. Fabian said they are not. \$211,187 is all festivals, events, and promotions. \$353,981, Councilman O’Kelley said, is the total expenses. Ms. Fabian said that of the Taste of Beaufort and the Shrimp Festival income, Main Street Beaufort took 22%, and the rest goes to expenses (rentals, etc.); they pay the city \$6,500 for security and other services, for example. That’s a reimbursement for city services, Councilman O’Kelley clarified. There will be an increase in costs of city services at an average of 26%, Ms. Fabian said, which means the additional cost to Main Street Beaufort will be about \$2000 that they need to budget for. They have gotten \$40,000 for 8 years, and “expenses have grown since then.” They have to pay more and want an increase on the \$40,000. The 15% is only spent on local and regional promotions and marketing, Ms. Fabian said, so it is not really an addition to the \$40,000.

Mayor Keyserling asked the impact of the marketing survey on the downtown stores’ behavior, such as not being open during the Shrimp Festival and Taste of Beaufort. Ms. Fabian said the businesses are all open then. Mayor Keyserling asked if “festivals will fix the problem.” The city has shrunk for various reasons, he said, “and everything falls on the taxpayers. The Main Street Beaufort dollars “were clever one time,” he feels, but he’s asking if the city should give people money to spend it downtown, or are there better ways to spend it to address the problem that they have, which is the need for more residential and commercial activity downtown? The problems have changed, yet “we keep doing the same thing over and over,” he said. Do the festivals bring people downtown who want to open a business? Mayor Keyserling asked rhetorically. Are they teaching people to sell stuff that people want to buy? Are the landlords learning that their rents might be too high? **Kevin Cuppia** said that the shrimp festival “probably has a million dollar impact on the downtown economy.”

Everett Ballenger said thousands of people come to the festivals, “and that’s good marketing.” The Chamber of Commerce is paid a lot to market Beaufort; the LCOG markets it, too, as does the Black Chamber of Commerce. They get a lot of free marketing from magazine write-ups, for instance. Mayor Keyserling replied that “the other hard work is not being done,” and said he’s asking them to consider if the money should be spent on that instead. Mr. Cuppia said they continue to ask the Redevelopment Commission to come to their meetings. He thinks Main Street Beaufort should be partnering with the Redevelopment Commission.

Stephen Murray said the money that the Chamber of Commerce gets is restricted to use outside of 50 miles – the Chamber tries to market products, i.e., downtown Beaufort as a destination, so on their tourism website, Beaufort “is marketed as a particular product.” The Chamber of Commerce is restricted to how they spend money, and “day trippers from Hilton Head Island (are) a big portion” of potential tourists the Chamber can’t reach. Main Street Beaufort markets on Hilton Head Island, though, so Mr. Murray said he “would be cautious about taking their money” when the organization does that.

Charlie Williams said that locals don't necessarily directly benefit from festivals, but anecdotally, "they are good Saturdays," for businesses because of the greater numbers of people, whether they are local or from out of town. He thinks the "festivals shouldn't be tampered with," but, he acknowledged, "they can only do what they do." Mayor Keyserling said the festivals pay for themselves. He said there is "\$500 million leakage," according to the marketing consultant, and it will take a different approach to turn that around. Mr. Williams said that Main Street Beaufort is focused on that, and what isn't working is locals aren't coming downtown and are not spending money there. Main Street Beaufort needs to tackle this problem, and that's where their focus is.

Councilman Sutton said he wonders why anyone local would want to come downtown and shop daily. "What do you have to take you downtown if you work 5 days a week?" he asked. Mr. Cuppia said \$297,000+ "goes out of town to manage parking," and he thinks it should stay in town, and the city should establish a parking commission. Ms. Todd said the city gets \$150,000 each year from Lanier, and Mayor Keyserling said all but \$70,000 is their operating costs. Only the management fees (7.5% or \$2,700 – \$3,200 a month) "leave Beaufort," not all of it.

A better business plan might work better, Councilman Sutton said. If Mr. Cuppia were to set up that business, who would want to make that level of profit? he asked. Councilman Sutton said, "Everything is covered in those numbers." There was a discussion about what Lanier takes in, how it's spent, and what goes back to the city. Mayor Keyserling said "there still need to be people on the street" to make parking happen.

Mayor Keyserling said the question is what, if any, contract do they want to have with Main Street Beaufort and the Redevelopment Commission. Is the current split appropriate? Councilman Sutton asked what support they would want to give Redevelopment Commission that costs money. Mayor Keyserling said he thinks they need someone to fill the downtown spaces, and "the way we have been doing it, with the 15%-85%, isn't working." Councilman O'Kelley said he doesn't "want to see the city getting into the business of ... going vertical" because those buildings Mayor Keyserling was talking about "are private property." A building moving in to the spaces he mentioned "will create a parking dilemma or make it worse." He doesn't feel "the Redevelopment Commission should guide the business of that happening downtown." He concluded that the way Beaufort is "has worked for 300 years." Mayor Keyserling said that the person in the role he detailed "will be showing (property owners) options." Councilman O'Kelley said "the private sector" would do that. Mayor Keyserling said if people see it happening, they will want to do it, too.

Ms. Todd said the agreement that terminates in November was done because of the way that parking was structured. Every year, Main Street Beaufort could come to council and make a presentation, and then council could appropriate the dollar amount that Main Street Beaufort will get for the coming year, "rather than locking

them into an amount.” The Redevelopment Commission could do the same thing. Ms. Fabian said that’s how it was before this contract.

Councilwoman Beer said there's no real diversity downtown, and there’s nothing for her downtown to buy except a gift.

Ms. Fabian said that to be an accredited Main Street program, they have to do more than festivals, but that’s part of promotion, and they have been called one of the best programs. They want to be a partner to the city, she said. LF said she has never heard that they were “supposed to take care of PR.” Councilman McFee clarified what was said about that. Ms. Fabian said they want to talk about what the city wants to talk about. They have done things that have saved the city money, she added.

Councilman O’Kelley said that what Ms. Todd had said about “approaching this as a line item instead of a contract” would be “a good idea.” Ms. Todd said either they set out a new contract from 11-9-14 forward, or council does an amendment to the budget, because otherwise funding will stop. Mayor Keyserling said the next step, in his view, is to sit down with the Redevelopment Commission and clarify what council’s expectations are with them. Councilman Sutton said Main Street Beaufort’s contract and charter have the same things they want Redevelopment Commission to do. There’s no reason why the Redevelopment Commission and the Main Street Beaufort shouldn’t be working together and have a Redevelopment Commission member on the Main Street Beaufort board. Councilman McFee said they “need to analyze how to maximize the investment in the downtown core.” The Main Street mission (their 4 points) isn’t the same as what Redevelopment Commission does. He doesn't think they can be joined together. The mission of the Redevelopment Commission is to follow the Civic Master Plan and to follow up on the infill and redevelopment of *the whole city*, not just the downtown area.

Mr. Cuppia said that the city shouldn't have formed the Redevelopment Commission; they “should have gone to Main Street Beaufort with it.” Mayor Keyserling said Main Street Beaufort “has become a merchants’ committee.” Ms. Fabian said she would like to work more closely with the Redevelopment Commission. Councilman Sutton asked, if Main Street Beaufort and the Redevelopment Commission are trying to do the same thing, how they split that up. **Phil Cromer** said Main Street Beaufort “is doing what it does, but small business development is not being done”; the Black Chamber of Commerce has a small business incubation effort. Ms. Fabian said she would “like a heads up” about any potential grants. Business retention is as important as business recruitment, she added.

DISCUSSION OF THE AMENDMENT TO THE SET OFF DEBT ORDINANCE

Ms. Todd said the current ordinance on set off debt was done in 2008, and it contained in the last paragraph a statement that the City of Beaufort would not charge a collection fee. They are considering going back to reestablish the set off

debt program: including debts owed, business license, and permit fees – anyone who owes the city money – can be put in the set off debt program. The Municipal Association and the Department of Revenue each charge \$25 fees, and city staff can also charge up to that amount as an administrative fee (and none of these fees come out of what is owed to the city) if they amend the ordinance.

There was a general discussion about fees and fines and what *isn't* done currently if fines are not paid. Councilman O'Kelley asked what the deal was in regard to business taxes. If he leaves town, Ms. Todd said, with set off debt, it could attach to his taxes. Mr. Cromer said this has been really successful, in his experience at a municipal association, for collecting debt, and when people find out it will be attached to their tax return, they tend to pay. Ms. Todd said this could be done with parking tickets, too. 79% of unpaid parking tickets are in-state. It replaces no other collection method, she added.

Ms. Todd said there's no real down side. **Linda Roper** said the only decision to be made is if they want it to be the full \$25 they are eligible to charge. Ms. Roper said the Municipal Association has a program that writes the letter to the person who owes, and they generate the letter in October. Recipients of the letters have until the end of November to protest or pay, and then the MASC downloads whatever is unpaid and sends it to the Department of Revenue. When that person files for a tax refund, it's activated. Councilwoman Beer and Councilman O'Kelley said they thought it was a good idea.

OTHER BUSINESS

Councilman Sutton said he'd noticed a fallen tree on Wilmington and had called Mr. Dadson about it. **Walter Dennis's** house has sat vacant since his death, and there's an adjacent historic property. The huge tree took out 3 streetlights (they're utility company lights) and the front of Mr. Dennis's house. Councilman Sutton saw another house on Depot that had a tree fall on it. He thinks they need to consider the city's tree policy. Councilman McFee said they should bring it up to PTAC. Mayor Keyserling said he's applying to remove two trees hanging over buildings.

Councilman Sutton said the one on Depot Road, the roots gave out, and the whole tree came up. The one that fell on Mr. Dennis's house is hollow inside. Councilwoman Beer said there's a tree in Pigeon Point that is in the right-of-way. There are other serious tree problems in the city, according to **Liza Hill**, Councilman Sutton said. Mr. Cromer said when he was with the Municipal Association, they needed to have a tree inventory; people will be hurt, and the city will get sued, in addition to the property damage.

Councilman Sutton said that they have a problem with encroachment on street ends; Councilman O'Kelley got a call for one in The Point. The landscaping is taking over a protected right-of-way there. Mayor Keyserling said it is likely a code issue.

There being no further business to come before council, the meeting was adjourned at 6:51 p.m.