

A work session of Beaufort City Council was held on October 20, 2015 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Mayor Billy Keyserling and council members Mike McFee, George O'Kelley, Stephen Murray and Phil Cromer, and City Manager Bill Prokop.

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 work session to order at 5:00 p.m.

CONTINUED DISCUSSION WITH TDAC

Mayor Keyserling said that he believes there was "a disconnect" between the city's budget, what TDAC members were told was available for allocation, and what TDAC recommended. Mr. Prokop said there was a "different process this year when it came to Accommodations Tax." In "our budget message, we had mentioned that we were basically trying to limit what we allocated out to groups this year," to equal the Accommodations Tax allocation the previous year, "just like all of our budgets were . . . and (that) we were going to be allocating funds that were tourist-oriented expenses" for Spanish Moss Trail maintenance and law enforcement. Mr. Prokop said, "the committee was advised that it had \$275,518 to spend, plus \$146,325 on police and \$100,000 on trail maintenance, and \$15,688 could go toward the (USCB) renovation project." At the end of June, he said, the Accommodations Tax balance was approximately \$306,000 "to be carried through," and \$381,000 was projected to come in in the new year, for a total of \$687,000.

Mr. Prokop said TDAC is recommending an allocation of \$356,000, and of that, "only \$4000 is go toward the police department and trail costs." He said he believes there was concern among TDAC members that these are city operating expenses, that the projects could be coming before TDAC every year, and that they "weren't necessarily (eligible for) Accommodations Tax money." Staff is concerned, Mr. Prokop said, that the approved budget "will be totally thrown out of whack if we don't utilize some of these monies." The allocation that was to be for the police and trail maintenance, he said, was allocated by the committee for "other things," and the USCB allocation was for recommended to be \$75,000, not \$125,000. Mayor Keyserling said the latter "didn't need to be in there," as "we'd always anticipated that would come out of the (Accommodations Tax) fund balance . . . not out of the money to be distributed to agencies."

Mr. Dinkins said \$181,532 remains in the Accommodations Tax fund balance, which is "more than enough to cover the USCB allocation if city council so desires." In regard to the city requests, Mr. Dinkins said TDAC "got a request for maintenance funds for Spanish Moss Trail segments. The committee doesn't feel like the Spanish Moss Trail at this point in time is a tourist generator . . . it seems like more of a community trail." Although the committee asked for them, "no one provided any numbers" that indicated otherwise. "It's just so new," Mr. Dinkins said, that the committee didn't feel it was right for TDAC funding. \$5000 was recommended for the police department to help offset the expenses of the tour coordinator position; in regard to a camera monitoring system, he said the committee felt more research

needed to be done, given the system's \$75,000 pricetag.

Mr. Prokop said that Deputy Chief **Dale McDorman** had a handout, and this is the system Bluffton uses and that the Town of Port Royal is considering. "Just like Hilton Head – all the ATAX money goes to beach patrol," Mr. Prokop said, "this \$70,000 . . . would cover our entire downtown. (It) will not stop crimes, but . . . will be able to help us solve crimes."

Deputy Chief McDorman said when he made the presentation about the cameras to TDAC, the police department had not received the actual quote, which is \$71,000, not \$75,000. He said there have been 14 crimes in Bluffton's Old Town, and "10 . . . have been solved by the camera footage alone." This allows police "to monitor the crowds during events . . . gives us a better presence downtown . . . will prevent some crimes . . . and allows us an investigative tool." Just one crime committed downtown "will affect all of tourism," Deputy Chief McDorman said.

Councilman O'Kelley asked if TDAC money could be used for this project. Deputy Chief McDorman said, "Bluffton used some TDAC money" for their system, "and that is where we got the idea to try to get this." Councilman Cromer told Councilman O'Kelley it is allowed. Mr. Prokop said it's similar to the elevator at the visitors' center, for which ATAX funds were used. He said, "This solves a lot of things," and "from staff's point of view . . . where we originally (budgeted) \$100,000 for trail maintenance, we could take \$30,000 in trail maintenance and put the cameras in. That's better for the city" to help "get those (crime) statistics down, and people know, 'If you come to Beaufort, just like Bluffton, crimes get solved quickly.'"

Mayor Keyserling said, "This (project), like the university, could come out of fund balance since it is a one-time (expense), though there will be a maintenance issue." He responded to Councilman Murray that he meant the ATAX fund balance. In regard to "what we basically said we were going to spend on the distribution money, we're pretty close to having that, if not more than that." Mayor Keyserling said, and Mr. Prokop agreed, that funding for cameras should not come out of the money to be distributed to groups, but "fund balance should be able to cover this as well." He went on to say that he has a problem using fund balance to cover the "hard costs," such as the tour coordinator position, since those would be recurring costs, and fund balance is to be "used as a cushion."

Mr. Dinkins said that if fund balance is given over to these other projects, "you're shorting folks that we've essentially assured over the last 3 or 4 years" that more funds would be allocated to them as the fund balance was grown. These are "non-profits who are trying to grow tourism, who are out there getting private matches" to grow the money allocated to them from Accommodations Tax. They've been shorted in the last few years, already, Mr. Dinkins said, because TDAC didn't have an accurate number of the amount that could be allocated, and "the fund balance has been growing and growing and growing." The committee had a "true number" for the first time after a presentation by **Kathy Todd** on the afternoon of its allocation meeting, which was more than the committee was aware it had when the meeting began and during the groups' presentations. Mr. Dinkins said he feels that fund balance monies "technically should go through the TDAC committee; these are funds that should be allocated to non-profits who

fall under TDAC regulations, who are going out and getting these matches . . . and trying to increase the amount of money coming into Beaufort from folks who are coming to visit. I don't know that a camera system is really going to bring the tourists in."

Mayor Keyserling asked, "What is the impact of a camera system when people are saying it's not safe to go downtown at night?" He said using fund balance for the cameras would be because "We finally found a way to do it and it's within the law." He said again that doing this wouldn't lessen the TDAC-recommended amounts that would be given to the applicants: "We'd be putting you back at the level we told you we had in the beginning." 80% of police costs are for people without a City of Beaufort address, and "they might be tourists" as well as residents of Lady's Island and St. Helena, Mayor Keyserling said. There are costs that come with hosting tourists, he said, "and the city's been funding that, but in lean times . . . someone's going to have to absorb some of the costs that we haven't heretofore been able to do."

Mr. Dinkins said he was "delivering the sentiment of the committee," and there was some "trepidation as far as the Spanish Moss Trail." Though the committee likes the trail, he said, the notion that it is tourist-oriented might be a tough sell to TERC (the state's Tourism Expenditure Review Committee). Councilman Murray said Beaufort County is funding trail maintenance from its ATAX fund. Mayor Keyserling said the county has taken capital for the trail from there as well.

Councilman Murray agreed with Mr. Dinkins that "the majority of the folks on this list (are) valued partners of the city who are helping increase tourism," and he doesn't want them to feel shorted because of their success, but he feels TDAC and council "have to find the balance" in regard to ensuring that "tourism-related infrastructure is where it needs to be, *and* that we're appropriately funding the advertising and marketing effort." Councilman Murray said, "Earlier in the year, we did hear . . . that there were some safety concerns downtown." Cameras will solve crimes, he feels, and may also deter crime, if the message gets out that they're there.

Mr. Dinkins asked the annual costs of the cameras. The \$71,000 is inclusive for the first year, including the 14 cameras that would be placed from the water to Port Republic Street, Deputy Chief McDorman said. The cities he's researched that have this system "have gone to a time and equipment cost . . . after the first year." The company would "continue to monitor" the video, and the City of Beaufort "would pay for repairs after that." Additional cameras will not mean that the City of Beaufort has to pay for a larger server, Deputy Chief McDorman added, only the cost of the cameras themselves, "the install, and the fiber to connect them." The company holds the video for 10 days, he said, and there would be a cost for holding it for longer than that, but it's unlikely that would be necessary. In summary, Deputy Chief McDorman said, "It's maintenance costs after the first year."

Councilman McFee said, "The position the commission (TDAC) has taken is that any of the surplus, or any of the balances, are under their purview to decide where the money is being spent." TDAC's "leanings . . . appear to be more toward the smaller start-up organizations, non-profit requests for building and growing event involvements; however, TERC puts down

statements – very specific in the statute with reference to what must be allocated to the city, what must be allocated to the DMO, what must be set aside for general fund imbalances and tourist-related expenditures.” The latter, Councilman McFee said, “includes all the infrastructures and the items that we’ve requested be part of it, including the Spanish Moss Trail.” He went on to say that “in concert with the cooperative effort of our partners and our neighbors, who are all utilizing their TDAC funding for that, it appears to be that we’re at a position where . . . we’re not all moving in the same direction with reference to what our intent is with reference to TDAC funding and what the understanding is in (TDAC)” about what is allowable.

Councilman McFee read from the statement about the proportions of Accommodations Tax funding and where they were to be allocated: \$25,000 plus 5% of the balance must be allocated to the general fund “for use for any purpose,” while “the remaining balance of the funds, plus interest, must be allocated to tourism-related expenditures.” Councilman McFee read these from the statement.

Ms. Todd had explained these required allocations to TDAC in her presentation at 3:00 p.m., after the committee had heard presentations, Mr. Dinkins said in a response to a question from **Gail Westerfield**, a TDAC member, about what a “tourism-related expense is.” Mr. Dinkins said he was aware of “what Mike just read out,” but, council is taking “a different direction this year” than it had in the past; he recalled Mayor Keyserling saying at a meeting about TDAC that “because the Dataw money is no longer there to market,” the groups that market outside the 50-mile radius should be “made partners” and the ATAX money made to go further. Mr. Dinkins said he doesn’t feel the police are doing that with the camera proposal; they are not offering matching funds, just “coming with a bill for \$75,000 . . . It’s sort of against what you’ve asked us to ask these guys to do.” Mayor Keyserling said that with this year’s city budget, a change had been made, and that’s what Ms. Todd’s presentation had been about. If there’s a difference, he said, in regard to Mr. Dinkins’s statement, “It’s perhaps more transparent, because we’re putting things that have been paid for out of ATAX fund balance – we put it into the request, rather than doing it, I assume, the way we did it (in the past). That’s the confusion, I think.”

Mr. Dinkins explained to Councilman McFee that what was being referred to as fund balance was *not* a fund balance but “a balance of funds that should have been handed out the last couple of years and for whatever reason weren’t.” Councilman McFee restated his contention that “the disconnect” is “a disagreement with the commission and council with regards to the direction of funding opportunities.” Ms. Westerfield disagreed with this assessment, and explained that TDAC had allocated funds based on the amount they had been told they could allocate, and leaving a fund balance proportional to what Ms. Todd had asked them to leave (approximately \$100–120,000) plus \$70,000 – an amount that, as in the past, council could designate to further fund those groups beyond the amount that TDAC had recommended.

Mr. Prokop told Ms. Westerfield that these numbers (\$146,325 for police and \$100,000 for trail maintenance), about which Ms. Westerfield said the committee was unclear, “were all presented in the (city) budget in April and May.” Mr. Dinkins said, “As far as the budget was

concerned,” his concern was “the talk of limiting what we had to allocate. . . . I don’t think that’s really allowed, and ultimately, it didn’t happen. Ultimately, we looked at the entire amount, including the money you had budgeted. You’ve done the right thing; you’ve gone through (TDAC). But ultimately, we serve city council, we make our recommendations, and it’s up to city council to either take those recommendations or make . . . changes, and that should cover you as far as TERC’s concerned.”

Councilman Murray asked Mr. Dinkins where in the statute he thought it was that council/the city should not hold back Accommodations Tax fund balance. Mr. Dinkins explained that the law designates certain percentages of the available money to different entities: the city, the DMO, etc. 65% of what is left is what TDAC “doles out.” The amount under discussion is what has been leftover or not reimbursed in past years, and those funds “should come right back to our committee to be reallocated, each and every year.” Mr. Dinkins said money remaining in the fund – because an organization was not reimbursed for the full amount that was allocated to it – should not mean that what is “left over goes to the city, and the city council decides what they want to do with it without putting it to TDAC first.” Now that the city has done that, council can take or change TDAC’s recommendations as it wishes.

Councilman Murray described the use of Accommodations Tax funds for tourism-related expenditures in relation to his experience at the Chamber of Commerce with the elevator for the visitors’ center; he said that Ms. Todd had double-checked that the elevator was a valid use of the ATAX funds in order to ensure that it was within the guidelines of the statute, so that a situation didn’t arise like one in Florence, where deputy sheriffs were funded with ATAX dollars, though they were “not (working) in any tourism-related capacity.” Their hands were slapped, Councilman Murray said, by TERC for this. Mr. Dinkins said there is a lawsuit in Myrtle Beach because “they presented 15 things to their TDAC,” but funded 3 that weren’t presented to the committee. This will not happen in this case, Mr. Dinkins said, because “it didn’t just stay as a budget line item. We caught it in the meeting with Kathy Todd” in which the correct amount to allocate had been determined. \$180,000 was then left “for city discretion,” so if the camera system is “the best use of this money, that’s certainly the decision of this council.”

Ms. Westerfield asked for clarification of the amount that Mr. Prokop had said was projected to come from ATAX in the new year, and if TDAC had been told that that amount was to be included in what it could recommend for allocation. Mr. Dinkins said it was, and that TDAC had recommended allocation of \$356,000 and had left a balance of \$181,532 for a total of \$537,532.

Ms. Westerfield said she recalled asking Ms. Todd at the TDAC meeting about freezing the amount of the ATAX allocation at last year’s level. Mr. Prokop said, “That was the budget process, not the ATAX.” Mr. Dinkins replied, “And that’s what we got to the bottom of,” in the conversation with Ms. Todd. Ms. Westerfield said that she felt that the committee’s understanding of what it had to spend was different than what the staff had presented; “there was certainly no talk of ‘We don’t want to spend \$100,000 on the trail,’ or that we had it to spend,” but chose not to.

Councilman O'Kelley said if council "allowed the \$71,000 (for cameras), there's still \$110,000 in the fund balance." Councilman Murray said there's still an issue of \$157,000 to fund the tour coordinator and patrolman and the \$30,000 request for Spanish Moss Trail maintenance. Mr. Dinkins added, "And \$50,000 for USCB."

Councilman Murray said for at least the 4 years, Accommodations Tax has been used to fund marketing, not infrastructure, "even though it's perfectly allowed and legal." Mr. Dinkins said that was because that was the direction TDAC had gotten from council. Councilman McFee said, in former councils, "our discussion was to maximize and intensify the matrix of the money," and asking the partners to whom funding was given to maximize "the leveraging" of that funding. This probably helped create the fund balance of the past, he said. "I think where the disconnect comes is because historically, we have put a far greater emphasis on the individual entities that generate heads in beds for us." Councilman McFee said he disagrees "with the reality that the city itself doesn't generate a tourism environment that puts heads in the beds." The city has given ATAX money out generously to these organizations, he said, but thereby "shorted ourselves" by not "(utilizing) a funding source that is available for us that makes the downtown safer" and "more inviting" for tourists.

Councilman O'Kelley said, in the past, council had questioned "why these people wanted the money, and they weren't giving us any justification for what tourism activities they were seeking to assist with the city's money," but that has been worked out now, and applicants understand what "they need to present to get money." Mayor Keyserling said the city is constrained in its budget – by lower revenues because of the economy, and by the state's prohibitions against raising taxes – so "there are certain things we can't do anymore." When the city made cuts, changed vendors, etc. to "skinny down our costs," it also couldn't spend money on "what we believe (are) tourism-related functions." By "putting a ceiling on (the ATAX funding to groups) staff was trying . . . to say, "Given what we think we need for the support that we do for tourism, this is what we see would be left."

Mr. Prokop said in discussions with the county about trail expansion and park maintenance, staff had learned that the county's trail funding comes through ATAX money, so the city decided its trail funding should, too. **Alice Howard** said the county's finance committee had recommended \$10,000 (of a \$33,000 ask) from ATAX for the Spanish Moss Trail for signs and rack cards. Mr. Dinkins asked Ms. Howard if this was the Friends of the Spanish Moss Trail, and she said yes; he pointed out that TDAC had recommended \$4000 of that group's request for \$4947 for a Northern Beaufort County bike map.

Mayor Keyserling asked Ms. Howard if the money the county allocated for trail maintenance goes through the county's Accommodations Tax committee. Ms. Howard said this recommendation didn't, but the county had allocated money this past summer for a matching grant to continue the trail. **Robb Wells** explained that the "funding for the maintenance comes from the 3% pot. The 65% that we're discussing today . . . comes from the 2% pot, which is what they call state ATAX. The (grants come) from the state 2%."

Last year, Councilman Murray said, the recommended Accommodations Tax expenditure was \$219,175, and this year, TDAC was told it could allocate \$275,718, which is an increase. He feels that this additional money is “a show of support” for those groups that applied for it. Mr. Dinkins said “the big balance” was not there last year, and it won’t be available next year. If the same groups come for ATAX funds next year, and the city comes again with \$200,000 in requests, “what’s going to happen next year?” The pot of money won’t be there, he said.

Mayor Keyserling said the city might come back to TDAC with requests next year; “if these are costs that are directly related to tourism, then I don’t think we have a choice.” He said, “We’re asking for additional police downtown, people have been asking for cameras downtown . . . and then we get the realtors, on the other hand, because of those stupid websites that don’t use figures right, calling us all the time and saying, ‘Why is Beaufort so unsafe?’” He went on to say that the Center for the Arts had gotten \$500,000 from the county, and they had asked the city for a quarter of that amount, and “we think that’s the only performance venue . . . in Northern Beaufort County, outside of the schools.” The mayor said council can, as Mr. Dinkins had said, do as it likes, but he thinks the areas of disagreement need to be discussed, and council should not “dis” TDAC’s time, energy and work.

Mr. Dinkins said he didn’t feel like anyone on the committee would disagree with what was being said. Ms. Westerfield agreed with him but said that at the meeting, there was confusion among the committee members about what the city was asking for, such as the patrolman/tour coordinator position, which Ms. Todd had tried to explain. In regard to the request for cameras, Ms. Westerfield said, the presentation was rushed, as Deputy Chief McDorman had told TDAC, in contrast to other applicants who had “put in so much time” on their presentations, so that factored into the committee’s decisions. There was not, she said, a decision that TDAC only wanted to fund marketing efforts. The committee felt that the city’s presentations “felt like, ‘You’re going to give this to us, anyway,’ so when we got to say what we all thought (about the applications), we didn’t feel” like what Mayor Keyserling is saying now about the need for cameras, for example, “was the case.” Mayor Keyserling said, “So now we’re having the conversation.” Ms. Westerfield said, yes, but from her perspective on the committee, no statistics were given as to the value of the cameras to the city or numbers that related the need for them to tourism, “and it was the same with the trail.”

Maxine Lutz said, as a citizen, she doesn’t see how cameras are different than guns or other police equipment in terms of being tourism-related; “it’s another tool that police need to do their job,” and though she feels the cameras should be funded, she doesn’t see the argument that they’re a tourism expense. Councilman Murray said if something is used in an area where tourists are more concentrated than residents, it can be considered a tourism-related expense. Ms. Lutz said, as someone who has come to TDAC for funds, she hears “something different” every year. She could come ask for cameras for the Verdier House, by these standards, when she’s been told that all organizations can apply for is marketing expenses. She gave an example of how “the message changes every year,” and said council’s approval of this opens another door: asking for infrastructure funds. Mayor Keyserling said Historic Beaufort Foundation had

been given money one year for a capital expense.

Ms. Howard said she had misspoken: last year, the county gave Friends of the Spanish Moss Trail \$10,000, but this year, they were not given any funding for signs and rack cards from the “65% fund.”

Larry Holman asked “what the city does with its 3% money,” which is “discretionary.” He said “tourism-related expenses” sounds like expenses that an applicant can say are related to tourism, depending on what it wants to spend the Accommodations Tax allocation on. Mr. Holman went on to discuss how bright lights interfere with cameras, so he believes they will not be effective because of reflections from lights downtown. He said their success in Bluffton and Raleigh, which Mr. Prokop asked him about, is because of “perception.”

Deputy Chief McDorman said, “It’s all in the placement of the cameras,” because while Mr. Holman was correct about bright lights affecting them, that is if they are not properly aimed. In Bluffton and Raleigh, where engineers placed the cameras, “they are extremely well-placed” and have no issues with the bright lights. The price may be even less once the company comes here and looks at the places they’ll be set up. “They are not your average Best Buy cameras,” he added. He spoke about the quality of the cameras and the images he had seen from Raleigh’s and on his Bluffton counterpart’s cell phone.

Councilman Murray said Mr. Prokop had said at the beginning of his presentation that there is currently \$306,000 in ATAX fund balance, and \$381,000 is expected in the new year, for a total of \$687,000. The 3 unfunded city requests total \$267,000; TDAC had recommended \$356,000. If all of this were funded, approximately a \$69,000 fund balance would remain. So council could fund the \$356,000 as presented, Councilman Murray said, *and* the city’s requests, and if they felt that wasn’t “an appropriate level of fund reserve,” they could “find areas to tighten up.” Mr. Prokop agreed and said he thinks that \$69,000 would be an adequate reserve, based on what they’ve seen in regard to ATAX.

Mayor Keyserling asked if the committee should reconvene to discuss distributing this amount of money. Mr. Dinkins said he didn’t think it needed to reconvene because it had made its recommendations. Turning to those, Mr. Dinkins said \$15,000 was recommended for SC Lowcountry Tourism. The money all goes into marketing, not the physical plant, Mayor Keyserling said.

Mr. Dinkins said Main Street Beaufort had applied for \$38,999, and the committee recommended \$35,000. **LaNelle Fabian** said TDAC had recommended less than her organization had requested, “and [the committee] asked us to leave off the Wi-Fi.” Last year, TDAC “did the same thing,” she said, but then council “had been nice enough” to allocate funding for the Wi-Fi. Ms. Fabian said she “will kill Wi-Fi,” but because Main Street Beaufort has to make up for lost revenue from the Shrimp Festival, “we need all the money they can get,” so she asked council to fund the remainder of their applied-for amount. Mr. Dinkins clarified with Ms. Fabian that while certain members of TDAC didn’t agree with funding the Wi-Fi, how Main Street

Beaufort spends the money is “left up to your discretion.”

Artworks applied for a project involving billboards, and most or all were within a 50-mile radius of the city, so TDAC did not recommend funding.

Councilman Murray asked if the Beaufort Art Association’s request for funds was for a billboard outside the city limits. Mr. Dinkins said it was. Councilman O’Kelley said it’s only 40 miles to Jacksonboro. Mayor Keyserling asked, “If we only give (an organization) \$50, and they need \$550, can they do it?” Mr. Dinkins said that’s up to the organization. They have to spend the money to be reimbursed, so they are likely to come up with the remainder in order to get the amount of the grant reimbursed by TDAC.

Port Royal Sound Foundation Maritime Center asked for \$15,000. The committee recommended \$3,750 for use on SEO (search engine optimization). Mayor Keyserling asked if this was for the “new website” which parallels the city’s. Councilman Murray said what Mayor Keyserling was thinking of was the next request, from First Shore.

First Shore is a new organization, Mr. Dinkins said; they also wanted billboards to promote their website, but most were within the Beaufort County area, and the committee didn’t recommend any money. Councilman Murray explained to council how the group’s site works to promote heritage and cultural tourism. He said he believes the idea of it is to “create an accurate picture of a destination” for a visitor before they go there. Mayor Keyserling said the municipalities’ mayors are working on something similar. Mr. Dinkins said what the group had asked for funding for didn’t meet the criteria for the award.

For the Exchange Club, TDAC recommended \$1,000 to be spent to advertise the ghost tours in Columbia. Mayor Keyserling said, “This is really a fundraising effort,” so a TDAC grant is “really just a donation.” Mr. Dinkins said TERC has had “some trepidation” in the past, but group has proven that they do bring tourists to town.

The committee was impressed with Penn Center’s direction in the last couple of years, Mr. Dinkins said. Even though it’s not in the City of Beaufort, it’s a large attraction for cultural and heritage tourism, so TDAC recommended \$18,000 of their \$20,000 request. Mayor Keyserling asked if they had provided “numbers.” Though he’s a supporter of Penn Center, he said, anecdotally, Heritage Days, the Gullah Festival, and this year, the Water Festival, “are getting worn out.” Heritage Days is more of “a carnival” than a heritage festival, he feels. He wonders if continuing to put “money into festivals that are dying is a smart thing.” Mr. Dinkins explained that the applicants had said that they had gated their festival for a few years, but “are looking to open it back up, the traditional way they’ve had it in years past.” He said relatively little of the money they had asked for was to be spent on the festival; the majority was for the general marketing of Penn Center and what it has, which the committee encouraged.

Councilman Cromer asked if the Chamber of Commerce had attendance numbers for the festivals, so they can judge the size by more than anecdotal evidence. **Robb Wells** said they can

determine that, and they had done so for Shrimp Festival. The film festival has more people from outside the area, but their attendance numbers are low, while Water Festival brings in 65,000 people over 10 days, but they don't know how many are tourists. The Chamber of Commerce tries "very hard to work with the different festivals" to determine the numbers of tourists in attendance. Mr. Dinkins said TDAC asks for those numbers from its applicants, and "most folks . . . give us percentages"; they do what they are supposed to and know they need to draw people in from outside the 50-mile radius.

Friends of the Spanish Moss Trail sought funding for a bike map for Northern Beaufort County, Mr. Dinkins said, and TDAC had suggested awarding \$4000. There were various comments made about the county's not funding the group's application for Accommodations Tax relative to last year's award. Mr. Wells said the chamber had discussed that the group needed to do when applying for funds. "Other things can grow from a bike map," he added. Councilman Murray asked if council could mandate that destinations that receive ATAX funds be on the map. Mr. Dinkins said he thought that was "a communication thing" between council the group.

Ms. Lutz said she wasn't present at council when Historic Beaufort Foundation's TDAC allocation was discussed. It's half of what HBF asked for, she said, and though effect on their organization from the reporting about bad weather wasn't as "tragic" as it was for Main Street Beaufort, they *are* taking a hit to their Fall Festival. "The DMO has been great," Ms. Lutz said, about getting the word out. She requested that council up the amount of their TDAC grant. Ms. Lutz said that the "architect's tour" was the spring tour St. Helena used to do. Councilman Murray said \$4,905 was the request, and \$2,200 was recommended, a difference of \$2,705. Mayor Keyserling asked council if that was one they "want to make a note on when we vote." There was no response.

\$3,999 was the difference between Main Street Beaufort's request and TDAC's recommendation, Ms. Fabian said; she had asked for council to additionally fund that amount.

Ms. Lutz said Historic Beaufort Foundation had asked for reimbursement for an ad in the 2016 edition of the Chamber's visitors' guide, which has already been published. Mr. Dinkins explained that "this took place in April 2015," but TDAC is "allocating monies from this fiscal year to next year." \$1,080 of their request that TDAC didn't recommend was for advertising that was done in the last fiscal year, he explained, so there was concern that it wasn't eligible for, or might have trouble getting, funding reimbursement from the Accommodations Tax money for this fiscal year. It should have been in the request from HBF *last* September. HBF "should by all means" ask council about funding the rest for their request that TDAC didn't recommend (\$1,625).

Councilman Murray said his math had been off before, so the fund balance would be \$20,000 "if everything is funded at 100%." Councilman Cromer asked if there was a way to give the CFA the \$125,000 it had asked for: "Can they get by with less?" Mayor Keyserling said the \$125,000 has already been given to the organization.

Councilman Murray said he's in favor of the camera monitoring system, but is there any room in the general fund budget to make a match for it? Mr. Prokop said, "I would think that we could do something there," and leave \$40-50,000 in fund balance.

Ms. Westerfield said she feels that the committee didn't know that USCB had already been given the \$125,000 they had asked for and not "the amount (TDAC) recommended" after its discussions "and thought would be discussed" by council. Mr. Dinkins said, "I made it pretty clear." Ms. Westerfield disagreed. She asked Mr. Dinkins why there was any discussion and a recommendation "to give them less, if you knew they'd already been given all of it?" Mayor Keyserling answered, "Because you thought that was the value you placed on it." Ms. Westerfield said that was not the case for her.

Councilman Cromer asked Mr. Dinkins if TDAC should start its work earlier, and Mr. Dinkins said he didn't think that was necessary. Mayor Keyserling said when the city's budget is completed, "if we've budgeted certain things," that information should come to TDAC sooner than it did this time. Mr. Wells said when Ms. Todd puts the budget together, she has to estimate the 3rd- and 4th-quarter checks in regard to accommodations revenues. Mayor Keyserling said he's saying the committee should be apprised sooner of the expenses that the city would like to have paid out of Accommodations Tax and not the general fund.

Mr. Franklin said the level of collaboration among the groups and the DMO is clear, and everyone is "getting more for their dollar."

DISCUSSION WITH THE HISTORIC DESIGN REVIEW BOARD ABOUT BOARD DEVELOPMENT

Joel Newman said he's disappointed that **Erica Dickerson** has to step down, but her allowable time on the board is up, and there is a one-year cooling off period. He would like her replacement to be someone who is invested in downtown, like Ms. Dickerson is. **Libby Anderson** said the requirement is for a resident or property owner, and they have 5 applicants so far. Interviews will be November 10.

Mayor Keyserling said when council passed the Civic Master Plan, there had been a discussion about "a hole in the 'reference library'" in regard to "infill and redevelopment" for the Historic District Review Board "that Historic Beaufort Foundation and others wanted to incorporate into the Civic Master Plan," but council thought "the concept ought to be integrated into the references." He asked if anyone had talked about "merging them together." Mayor Keyserling feels that council had agreed that "some guidelines for infill need to be in the reference library because it's not covered elsewhere." Councilman Murray said he has concerns about Milner and the Supplement being out of date. Ms. Anderson said the infill guidelines will be incorporated in the new code. She explained that the form-based code committee will be comprised of the chairs of all the relevant boards and commissions.

Mayor Keyserling asked the status of the form-based code, and Ms. Anderson said a draft is complete, and another will be done based on initial reviews of it. They hope to have a draft to

the technical review committee by the end of next month.

Mr. Newman said he feels **Lauren Kelly** does a good job at setting up the meetings and evaluating applicants for projects. The HRB is doing well at making motions that “move people through the process” expeditiously and leave the “final dispensation” to Ms. Kelly as to whether the applicant had met the objectives that HRB thinks are important. Mr. Newman said he will actively “steer a project” if he feels “we can somehow get a better outcome.” He is not “guideline-centric,” he said, but there is “always someone on the committee who is good at keeping up with Milner, and that sort of thing.”

DISCUSSION WITH THE DESIGN REVIEW BOARD ABOUT BOARD DEVELOPMENT

Ms. Anderson said the Design Review Board chairman, **Brian Franklin**, was unable to attend the council meeting, so she would represent him. In regard to membership, reappointments for Design Review Board, the Metropolitan Planning Commission and Zoning Board of Appeals would come to council at its next meeting.

Mr. Franklin had mentioned the review of the Civic Master Plan to the board, but a workshop has not been scheduled, Ms. Anderson said. Establishment of the design criteria is a major goal of the new code, so she feels that “we shouldn’t get sidetracked” by doing it at the Design Review Board-level because they “need to devote . . . full attention to the new code.” Mayor Keyserling asked when she anticipated bringing the new code to council. Ms. Anderson said they plan to have 2 meetings a month when the review committee is formed, and planning staff has determined what will be done at each meeting. The committee will “focus on the code, not the map.” When the code is done, they will work on the map with people from the neighborhoods “who know each parcel . . . and make sure that we’re on track with that.”

Councilman McFee asked if all of the board positions would remain with current members, and Ms. Anderson said yes, except in the case of the HRB, as had been discussed. She said there is a provision that would allow a member to be reappointed for “an extra term” if they were exemplary members or their presence on the board was crucial for its function; they had done this in the case of Mr. Newman. She feels this should only be done in “very special situations,” though, and there are five candidates for that position on the HRB. There was general agreement that the candidates should be interviewed for the position.

Mayor Keyserling said there had been talk about short-term rentals, and he personally has concerns about “the saturation of a neighborhood.” The ZBOA chair had told council it was “a rubber stamp (approval) process,” though that’s clearly not the case now, as it appears “there’s more engagement” when neighbors don’t want a short-term rental. Mayor Keyserling asked Ms. Anderson to consider ways to determine a reasonable concentration of short-term rentals. He recalled discussions about issues that had arisen when council was approving short-term rentals, and said that it was suggested at the time that they should also discuss long-term rentals. Mayor Keyserling said he thinks the form-based code should be finished first, but then there should be a review of “where the form-based code is taking us.”

Councilman Murray agreed and said while an overly large concentration of short-term rentals can change a neighborhood's character, the owners also tend to take better care of their properties than long-term rentals' owners. Houses that have been vacant have been brought back online by short-term rentals. He suggested looking at other cities that have set limits on the concentration of short-term rentals.

Ms. Lutz said that there had been a council decision about B&Bs not being in close proximity to each other, and she wondered how that decision was made. Mayor Keyserling said, "I think that precedes all of us." Ms. Lutz suggested that they might look at short-term rentals that way – in terms of proximity to one another. Ms. Anderson said she recalled that there was a focus group that came up with a "one per block" limit for B&Bs, and something like that could be done with short-term rentals.

Staff is tracking the short-term rentals, and there is "a lot of interest in it": there are 3 applications coming to the Zoning Board of Appeals this month. In Pigeon Point, there are not usually comments pro and con, Ms. Anderson said, but recently an application in The Bluff neighborhood had an "overwhelming" negative response from the owners there, and the application was denied.

Councilman McFee said that if there are "a pervasive number of complaints" against a short-term rental, when an owner tries to renew the business license, they can be prevented from doing so. He asked where such complaints are recorded. Ms. Anderson said she has gotten no complaints, and they could ask the police department if it has, because staff has the short-term rentals' addresses. She said when a short-term rental is approved and has been licensed, a letter is sent to the short-term rental's nearby neighbors with contact information for its owner and manager; the letter says that if there's a problem, they should contact those people and Ms. Anderson immediately. Though there have been no problems, this helps the neighbors to know who to call if there is one.

Councilman Cromer said the owner's business license could be pulled if there's a really big problem. Ms. Anderson explained that the Zoning Board of Appeals has instituted approval with a probationary period of 12 months, during which 3 calls for police service renders the short-term rental "null and void."

Though the "passionate" feeling among the neighbors in The Bluff – that they wanted to have people around them "that they knew and could interact with," who were part of the neighborhood, and on whom they could rely – was "laudable," Ms. Anderson said, there's no way to know if that will happen, she said, with a long-term rental or an owner-occupied house. Staff and the board do want to empower neighbors of short-term rentals, though, to know what to do if there is a problem.

Councilman Murray said a lot of people who stay in short-term rentals transition into Beaufort residents. The Dickersons have 6–9 examples of this transition happening with their short-term renters. Ms. Anderson said she thinks the spacing of the short-term rentals might be the way to

go when council feels that “critical mass” has been reached.

Ms. Lutz said she has heard no complaints about short-term rentals, but when there’s no one staying as a guest in one, “there’s no neighbor,” and that’s what the owners in the neighborhood don’t like. They want other neighbors around them, “not visitors.” Councilman McFee said that some of the houses that are being used now for short-term rentals were not occupied at all, but now they are sometimes, and that’s been a positive change. Personally, he said, he is less concerned with whether there is “neighborhood interaction,” and more concerned with wanting to know if the short-term rentals cause problems in the areas they are in. Councilman McFee said that the short-term rental properties are well-maintained, often better than long-term rentals in those areas.

Mayor Keyserling said from a business or public safety point of view, he’s not heard of a problem. His concern is that a block of short-term rental houses “can be dark” for a couple of weeks. Mayor Keyserling said maybe council needs to look at long-term rentals and “rental properties period.” Councilman McFee said houses in a neighborhood could also be dark because they are people’s second and third homes, and they only live in them part of the year.

OTHER BUSINESS

Councilman O’Kelley said that PTAC chair **Barb Farrior**’s mother had passed away, and **Bill Robinson** had had a major stroke.

Councilman Cromer asked if the city has an ordinance on docks. Mayor Keyserling said that the City of Beaufort has always deferred to the OCRM on that. The county’s ordinance, Councilman Cromer said, is stricter than the OCRM’s. There was general discussion about length and design and who has purview over those aspects of docks. **Bill Harvey**, the city attorney, said the county has a dock ordinance. Councilman Cromer said there is a public hearing coming up in regard to **Scott Sonoc**’s two docks. He is concerned about this setting a precedent that will “create visual clutter.”

There being no further business to come before council, the work session adjourned at 7:00 p.m.