

A work session of the Beaufort City Council was held on June 14, 2016 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Councilmen Mike McFee, George O'Kelley, Phil Cromer, and Stephen Murray, and Bill Prokop, city manager. was absent.

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 Pro Tem McFee called the work session to order at 5:00 p.m.

### **DISCUSSION: "SOLE SOURCE" OF THE ELECTRICAL SERVICE CONNECTION FOR THE BOUNDARY STREET PROJECT**

Mr. Prokop said the city requires a commercial electrical contractor who is certified by SCE&G to run the electricity from the duct bank to 70 different businesses on Boundary Street. This work has been budgeted for as part of the Boundary Street redevelopment project. Mr. Prokop said at a meeting with various stakeholders, it was decided to "single-source" the contract to H&H Electrical, LLC of Walterboro, SC.

Mayor Keyserling asked if there were any regulations that would apply to single-sourcing, since a TIGER grant is funding the Boundary Street work. Mr. Prokop replied, "Nothing was affected by the grant."

**Sammy Negron** said the connections are needed as part of the Boundary Street project, and the work is at that phase now. About a year ago, H&H produced an estimate of the workload and costs to connect all of the businesses to the underground utilities. Mr. Negron said he recommends that the city use H&H for this work because doing so will expedite the process, since H&H is already familiar with this type of work. The company is a vested contractor with SCE&G, he said, and familiar with equipment, etc., "so they are ready."

Mr. Negron said a revised estimate, which will update the year-old numbers, is expected tomorrow. The cost is between \$550,000 and \$600,000, which **Kathy Todd** said "is well within our contingency." They had built this contingency in early on, she said, because the property owners would normally pay for the connection to the duct bank, but council had decided "to assist with that cost once we knew what the value was," so they came up with a contingency estimate for the connection charge to build into the budget.

Councilman McFee asked if there was "any requirement for our procurement statutes" or policy that requires the city to do an RFP. Ms. Todd said the city can use a single-source if it has "reasonable justification" to do so; in this case, H&H is an SCE&G contractor, which is what the project requires.

Councilman Cromer said he knows that if a contract is for more than \$25,000, the procurement policy is that the city must get bids; state law also requires this. He was opposed to single-

sourcing at first, he said, because he thought it “was not transparent”; he feels the city should have announced earlier that it was “single-sourcing this and (said) ‘Here’s why,’” so if there were other area vendors who wanted to “challenge this,” they would have known about it. However, Councilman Cromer said he understands that this is the only company that can do the work. He feels, though, that this message must be conveyed to the public to avoid the appearance of impropriety.

Mayor Keyserling asked when the work would start. Mr. Negron said, “As soon as we can get approval,” because there are businesses ready to be connected to the duct bank. Mayor Keyserling said he sides with Councilman Cromer about transparency and the need to articulate clearly that single-sourcing is appropriate in this case.

Mr. Prokop noted that this is not the kind of work that “your typical local electrician can do.” Councilman Murray said he agreed that this is appropriate because “time is of the essence.” Councilman Cromer said, “That’s no excuse”; he feels that the intention to use a single-source should have been announced much sooner. He reiterated that it needs to be clear that H&H is the only vendor that could do the duct bank work. Councilman McFee said even if the city had put out an RFP, only one contractor would have qualified.

Ms. Todd said part of the reason for not making this known sooner was because they were waiting on SCE&G to provide the City of Beaufort with information before they could “start moving in that direction with the contractor.” Mr. Prokop said staff’s purpose in bringing this to council was to advise council that the city is going forward with its use of a single-source.

Mayor Keyserling said that city council has been told that the Boundary Street project is 25% complete, but he also hears that the project is “dipping into the contingency money.” Councilman McFee said that they “had broken out for certain phase sets,” and they need to be clear that this contingency “is not an overrun.” The money for the various contingencies comes from different sources, he said. Ms. Todd said the footnote indicates that this is “the reserve.” It’s not an overrun, and it’s not the *project* contingency. Mr. Prokop said the total project is on budget, and in some places, they had significantly overestimated what the costs would be, like for this work.

### **OTHER BUSINESS**

Mr. Prokop asked council about its summer schedule. County council is not meeting in July, and he asked if city council should do the same, with the June 28 meeting being its last until July 26. There was general agreement with this proposal.

There being no further business to come before the council, the work session was adjourned at 5:23 p.m.

### **EXECUTIVE SESSION**

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilman Murray made a motion, seconded by Councilman O’Kelley, to enter into**

**Executive Session for discussion of legal matters on pending lawsuits. The motion passed unanimously.**

**At 6:20 p.m., Councilman Cromer made a motion, second by Councilman Murray, to adjourn the Executive Session. No action was taken. The motion passed unanimously.**

A regular meeting of the Beaufort City Council was held on June 14, 2016 at 7:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Councilmen Mike McFee, George O’Kelley, Phil Cromer, and Stephen Murray, and Bill Prokop, city manager.

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 regular meeting to order at 7:00 p.m.

### **INVOCATION AND PLEDGE OF ALLEGIANCE**

Councilman McFee led the invocation and the Pledge of Allegiance.

### **CHARACTER EDUCATION PROCLAMATION**

**Councilman Cromer made a motion, second by Councilman McFee, to proclaim Tyson Adkins, of Coosa Elementary School, the student of the month.** Councilman McFee read the proclamation, and Mayor Keyserling presented it to Mr. Adkins.

### **PUBLIC HEARING: FY 2017 BUDGET**

**Mayor Keyserling opened this public hearing.** Ms. Todd said some of the budget highlights include the following:

- The recommended millage rate is 73.57 mils, which is up .96 mils.
- The recommended budget is \$19,387,927.
- Staff is recommending that the detail that was presented to city council in its “packets be a part of the budget ordinance,” she said, including the capital project and special revenue fund appropriations.
- The revenue budget is recommended to be \$19,387,927, which “bring(s) forward a balanced budget.” \$434,241 for land acquisition (“in support of the annual payment on the 500 Carteret (Street) building”) and \$151,213 for capital equipment come from committed fund balance, she said.
- The debt mil is recommended to remain the same, with 20.78 mils dedicated to the debt payment on the city’s general obligation bonds, which is the same as in prior years.
- Staff is recommending a new fee, she said, called the “roads and public safety capital impact fee.”

There being no public comment, **Mayor Keyserling closed this public hearing.**

### **PUBLIC HEARING: ROADS AND PUBLIC SAFETY CAPITAL IMPACT FEE**

**Mayor Keyserling opened this public hearing.** Ms. Todd said staff is presenting an ordinance that would adopt a roads and public safety impact fee because “public expectation and . . . demand for quality within the city for quality public services for roads and rights-of-way and for public safety – when combined with an increasing shift of responsibility and expenses for public

services from state government to municipal government . . . the continuing reduction of revenues from state allocations to the Local Government Fund, and the state’s statutory limitations on revenue options for municipalities from property taxes and other funding sources – has resulted in increased financial pressures and strain on the city’s capacity to continue to provide for capital needs and other current and future improvement needs for quality public services. So, as a matter of fairness and equity within the current constraints imposed by the state, we believe that the costs of providing for the capital needs and other current and future improvement needs for such quality public services should be funded by the owners of motor vehicles (who have) addresses within the city, whose vehicles are primarily used on the roads and rights-of-way within the city, and who benefit from enhanced roads and rights-of-way, as well as from the public safety service provided by the city.”

Ms. Todd said staff recommends a fee of \$35 per city-resident-owned motor vehicle per year. The money would be used primarily for “Public Works and public safety costs in support of state-owned assets,” she said. Mayor Keyserling said the fee “sunsets in two years, unless (it is) extended.” Ms. Todd said, yes, it could sunset “at any time (up to) June 30, 2019.” There being no public comment, **Mayor Keyserling closed this public hearing.**

#### **MINUTES**

**Councilman Cromer made a motion, second by Councilman Murray, to approve the minutes of the work session on May 3, 2016.** Councilman Cromer said on page 4, in the sixth paragraph, the word “with” should be deleted after “an infill scenario.” On page 1, in the phrase “Councilman O’Kelley and Councilman Cromer had sat . . .” Councilman O’Kelley said “had” should be deleted. *(To clarify, this is the past perfect verb tense, and it was used correctly, as the equivalent of saying the councilmen “had served” on the committee for the duration of its existence or “had been” on it while it was meeting. – Steno.)* **The motion to approve the minutes as amended passed unanimously.**

#### **NOISE ORDINANCE WAIVER REQUEST FOR LOVE FEST 2016**

**Councilman McFee made a motion, second by Councilman Murray, to approve the request for the June 18, 2016 event in Waterfront Park. Ivette Burgess** said that council had agreed to co-sponsor this event this year. It is an all-day event. The noise ordinance waiver is being requested because the organizers would like to do a sound check at 8:00 a.m., which is within ordinance parameters, but they want to “cover all bases,” she said. **The motion passed unanimously.**

#### **STREET CLOSURE REQUEST TO HOST A COMMUNITY BLOCK PARTY ON MONSON STREET**

**Councilman Murray made a motion, seconded by Councilman McFee, to approve the request for the free July 31, 2016 event.** The same church that made the previous request is organizing this event. Councilman Murray noted that **Derrick Moon**, event organizer, had previously appeared before council; council had approved the first community block party, Ms. Burgess said, and had told Mr. Moon he would need to make the street closure request for each subsequent block party. Ms. Burgess said the feedback from the police department, which “did community outreach” with the church for that first block party, was good. For this one, the

police are “asking for a contract,” she said, and Mr. Moon is aware of that. **Councilman Murray withdrew his motion and Councilman McFee his second. Councilman Murray made a motion to approve the request, contingent on the organization’s securing a contract with the police department for security. Councilman McFee seconded the motion. The motion passed unanimously.**

#### **APPOINTMENT OF CITY REPRESENTATIVE TO THE COUNTY ECONOMIC DEVELOPMENT COMMITTEE**

**Councilman McFee made a motion, second by Councilman Cromer, to appoint a representative to this committee.** Mayor Keyserling said the county and the four municipalities over the past year “have talked about standing up an economic development entity, and it finally has happened.” Mayor Keyserling nominated Councilman Murray to serve on the committee. Councilman Murray abstained from the vote because he was the nominee. **The motion passed 4-0.**

#### **ANNUAL REQUEST FROM BEAUFORT WATER FESTIVAL FOR APPROVAL OF ALCOHOL SALES IN WATERFRONT PARK AND STREET CLOSURE FOR PARADE**

**Councilman O’Kelley made a motion, second by Councilman Cromer, to approve the requests for Water Festival 2016;** the event is to be held July 15–24, 2016. Ms. Burgess said nothing has changed about this event, except Dragon Boat Beaufort is not participating, as they are having their own event in the fall. **Chris Canaday**, the Water Festival commodore, thanked council and said opening night is a month from tonight. **The motion passed unanimously.**

#### **ORDINANCE ON THE FY 2017 BUDGET**

**Councilman McFee made a motion, second by Councilman Murray, to approve the ordinance on first reading.** Mayor Keyserling asked if any of the public present would like a presentation on the budget from staff. He explained the budget process to the public.

**Councilman O’Kelley made a motion to delete city council’s salary and benefits from the budget. Councilman Cromer seconded.** Councilman Murray said although the check he received this week was for “\$184 after taxes,” he feels the salary helps with expenses he incurs as a councilman. He is not in favor of this motion. Councilman O’Kelley said he feels the councilmen “shouldn’t be in this to make money. We should be in this (for) public service.”

Councilman McFee asked Ms. Todd if the impact of doing this would amount to “\$50,000 or greater.” Ms. Todd said she would check. Councilman O’Kelley read from council’s copy of the budget: for council, the amount for “personnel” is \$29,750, health insurance is \$8,800, and dental insurance is \$588. While it may not be much money, he said, “it’s the principle.”

Councilman Murray said no one serves on council in order to earn \$4,800 a year, but “if we’re serious about diversity” on council and want “to attract . . . young professionals . . . and folks who are not independently wealthy, there ought to be some level of compensation.” He compared council’s earnings and benefits to those of the members of the school board and Beaufort County council, who he said make “well over \$20,000 a year.” Councilman Murray

added that because of the stipend, he has not submitted an expense report in a year and a half for travel or other expenses.

Mayor Keyserling said he “would love to save the money,” but what he and the other councilmen make “collectively . . . is probably less than any single employee in the city.” He just finished doing his taxes, he said, and he “spent over \$50,000 of my own money on (his) newsletter, entertaining,” and other expenses, which he said he is “not complaining” about, but the health insurance and the stipend of “about 25 cents an hour” are important to him.

Councilman McFee said he appreciates and understands Councilman O’Kelly’s motion, but it doesn't “make the impact I’d like it to make.” The councilmen are public servants, not employees, Councilman Cromer said, so they “shouldn't be benefitting from retirement, insurance, and salary.” Mayor Keyserling said his point was that he doesn’t “benefit financially from this job.” **The motion failed 2-3, Mayor Keyserling, Councilman Murray, and Councilman McFee opposed.**

**The motion to approve the budget ordinance passed 4-1, Councilman O’Kelley opposed.**

Councilman Murray asked Councilman O’Kelley why he’d opposed the budget. Councilman O’Kelley cited his previous motion, adding, “We’ve got this fund and all cranking in . . . I don't have to give a reason.” Mayor Keyserling said, “The fund is a separate issue,” and Councilman O’Kelley replied, “It’s all tied into this budget.”

#### **ORDINANCE ESTABLISHING A ROADS AND PUBLIC SAFETY CAPITAL IMPACT FEE**

**Councilman McFee made a motion, second by Councilman Murray, to approve the request on first reading.** Mayor Keyserling said that at a council work session, they had discussed the fact that by law, they must be specific about what a fee “would pay for.” He asked Ms. Todd to present the amended list of what the revenues from the fee would fund.

**Lolita Huckaby** asked if the vehicles on which the fee would be charged included mopeds. Mayor Keyserling said it’s a fee “on licensed vehicles”; Councilman McFee noted that mopeds aren’t licensed. Mayor Keyserling said the city spends \$700,000 a year repairing and replacing roads, sidewalks, curbs, etc. on streets that belong to the state. He described some recent projects. “Those rights-of-way belong to the state of South Carolina,” he said, as do the sidewalks and “the stormwater systems that are in the right-of-way.” The city has “been covering this expense,” Mayor Keyserling said, “even in hard times,” yet in his eight years as mayor, “we have not added a police officer, (and) we’ve been . . . kicking down the road equipment for the fire department.” He feels police and fire protection are “more important than maintaining state assets.”

Mayor Keyserling said citizens have remarked to him that they are pleased with the way the streets look, and that they do not have to mow the rights-of-way on their properties. When the city annexed Distant Island and other areas on Lady’s Island, he said, it made commitments “to provide police services” to those residents, but “we’ve not had a full-time police officer on Lady’s Island.” Mayor Keyserling said, “It’s time . . . we get . . . more focused on our

neighborhoods, particularly in the downtown area, where there's been a demand."

Ms. Todd said, "We anticipate \$33,976 of revenue that would be offset by Public Works expenses":

- \$130,395 for the landscaping contract for rights-of-way
- \$15,000 for a contract for street sweeping
- \$65,000 for repairs to city streets that are owned by the state
- \$16,605 for hazardous tree removal from the rights-of-way
- \$5,976 for a portion of the traffic equipment that is not funded by the General Fund
- \$21,000 for a lowboy trailer
- \$72,000 for replacement of a backhoe

Mayor Keyserling said this only "covers a little less than half of what we spend," so the city will "still be subsidizing state assets."

Councilman Murray said he struggles with the vehicle tax for several reasons. He feels that what the department heads have requested is valid, but he believes this is a "fairness issue": the city is comprised of primarily low- to moderate-income residents, and for those with two vehicles – much less those who have three or four – he's concerned the fee could be "burdensome." Councilman Murray also feels it is unfair because the value of the vehicle is not considered in the fee, so the owner of a \$3,500 car and the owner of a \$95,000 car would both pay the same amount.

Councilman Murray said he also is concerned about "the perception of an exorbitant increase" in taxes on personal property. The county auditor estimated that 25% – 30% of vehicle property tax bills are less than \$30, Councilman Murray said; therefore, this fee would mean a 100% increase for many. He doesn't feel, "perception-wise, that is a very good look for us for a few hundred-thousand dollars (in) revenue."

Finally, Councilman Murray said he believes "we have a very positive future" with increasing tax revenues, as evidenced by a "natural increase" of approximately \$750,000 due to the ".96 millage increase and business license normalization." With "TIF 2 coming off and the development projects that are happening in the city," he said, there should be a natural increase ahead of more than \$1 million in revenues. While the city will have to defer some projects or "go into fund balance to pay for some expenses," which will be "tough," the city cannot do many of the things it might like to do in order to raise revenues, because they're either not possible legally or are too risky. Councilman Murray requested that staff look at what can still be cut; the city may not be able to afford to maintain some of the state's assets, but "ultimately," the city is "responsible to the citizens for *our* assets, and public safety, and some . . . Public Works assets that we own," not for state assets.

Councilman McFee said he concurs with some of Councilman Murray's concerns about the vehicle fee. He's researched the Local Government Fund and restrictions due to Act 388, and

“searched high and low” for “resources available (to) a small municipality” in South Carolina. He said he knows that for lower-income residents, the \$35 per vehicle “will be much more substantial” than it is for those with higher incomes, and he agreed with Councilman Murray about the problem of the “disparity in the values” of vehicles, yet the amount of the fee being the same for all of them. On the other hand, Councilman McFee said, while he is “not in favor of . . . additional fees, I think our citizens are demanding a certain level of maintenance and upkeep, which we can’t continue to do with our General Fund,” so he would support it for that reason with a two-year limit on the fee.

Councilman O’Kelley said some of the “items are nice to have, like a lowboy trailer,” but he doesn’t feel they are “completely necessary.” He thinks the city shouldn’t “double the tax” on those who are paying \$35 in property tax on their cars. Councilman Cromer said he also agreed with Councilman Murray. The “thousands of cars that travel our roads” are “tearing (them) up, and the burden is falling on our taxpayers,” he said. He’s disappointed in the state legislature for not enacting a roads bill. Councilman Cromer feels the public should put pressure on the legislature to do something about the roads and bridges in South Carolina. The county has raised its tag fee by \$17 per vehicle, he said, so he feels it would be unfair for the city to add on \$35 more. He said he doesn’t know how much of the county’s “tag money is being spent in the City of Beaufort.”

Mayor Keyserling said he agrees with what the councilmen have said, except with what Councilman Murray had said “about the outcome.” He feels that “it really needs to be made clear to the people” that Public Works needs this equipment. He explained why the department needs a backhoe: to fix problems such as those Public Works encountered on Southside Boulevard, for example. Mayor Keyserling suggested that if the councilmen had seen what had happened there, they would understand the problems that Public Works faces because it doesn’t have the equipment it needs.

Mayor Keyserling said Act 388 “was the beginning of (the state’s) effort to squeeze local governments,” by capping property taxes. City council had “explored basically taxing parcels,” because about “40% of the city is not taxed,” so this would mean those organizations would “pay a fair share,” as they do with the stormwater fee. The business license “has been at risk” for the last two years in the state legislature, he said, because some legislators feel business licenses are “anti-business.” Mayor Keyserling thinks it should be made “clear that from here on out . . . any time we improve or repair any state asset, (it) does not mean we are assuming responsibility for it.” He said he thinks it’s “criminal” that the state does not maintain the systems it owns.

Because there is not enough support on council for this fee ordinance, Mayor Keyserling said he would vote with the majority in opposition to it, but he supports it. He said council would have to amend the budget at second reading if this vote fails. **The motion failed on a vote of 2-3, Councilman O’Kelley, Councilman Cromer, and Councilman Murray opposed.**

## **CITY MANAGER'S REPORT**

Mr. Prokop said the state's Local Government Fund owes the City of Beaufort \$392,784, but just \$273,400 is being distributed to it; the state legislature voted to only pay 72% of what the state owes its municipalities. The state also sets the millage, Mr. Prokop said, not the City of Beaufort. The county is increasing its millage by 5%, and the school district is increasing it by 9%. He said staff would look at the vehicle fee again. He added that a legislator had said the state would give Beaufort the rest of its Local Government Fund money – \$112,000 – if the city would give up its business license fees, which are worth \$3.4 million.

Mr. Prokop congratulated **Libby Anderson, Lauren Kelly**, and the planning department because the Congress of New Urbanism had awarded the City of Beaufort one of the top seven awards in the country for the Civic Master Plan. Detroit won the grand prize, but the next six "charter awards" included Beaufort.

The city is working on a \$250,000 project for Southside Boulevard's sidewalks and drainage, Mr. Prokop said, and on projects on West Street and off of Highway 170. On Allison Road, staff is waiting for the sixth or seventh time to hear whether they have SCDOT's approval to proceed. The city may have to do another redesign, which could cost it an additional \$200,000. He said staff gets frustrated when they hear the public – which doesn't know the problem is with SCDOT – asking why the city is delaying work on Allison Road.

Team-building and customer service training continues with city staff, Mr. Prokop said, because they believe "the better we get with customer service, the better we're treating our residents."

Councilman McFee said the state legislature has only funded the Local Government Fund fully twice. Mr. Prokop said the state uses the municipalities' money to balance its own budget.

## **MAYOR'S REPORT**

Mayor Keyserling praised the Humanities Festival that had taken place the previous week.

Two weeks ago, a group lead by **Anita Prather** held a party in Washington Square Park, he said, and it was a good event.

Mayor Keyserling said **Pat Conroy's** family and friends plan to open a museum and literary center in Beaufort at 308 Charles Street.

## **REPORTS BY COUNCIL**

Councilman Murray thanked council for his appointment to the county's economic development committee. The committee met last week, he said; he described the participants and said the county had offered staff support. There is debate in Bluffton and the county about who will permanently fill their vacant seats. Two board seats are up for election, and he asked council and the public to provide him with names of possible candidates who have "diverse economic development background(s)." Councilman Murray said he was elected to be the

committee's temporary chairman. The next meeting of the committee is July 13 at 2:00 p.m. in the county council's chambers, he said.

Councilman Cromer said he had attended the Humanities Council reception and had "put in some time at the Beaufort History Museum." While there, he was "taken aback" by the number of international visitors, and had asked some people how they had heard about the festival. "A lot of them" had read about it while visiting Charleston or Savannah, he said.

Mayor Keyserling said he had forgotten to say that 14 or 15 coastal mayors will be sending a letter to the administrative court expressing opposition to seismic testing, and the group hopes to add a few more mayors' signatures to that number.

Last Wednesday, Mayor Keyserling met with the National Parks Service (NPS), which he said – unofficially, because it has not been announced yet – is "seriously honing in on Beaufort as the center for a national statement on the Reconstruction era." Congressman **Jim Clyburn** has sponsored a bill to have Penn Center be "the center of that," Mayor Keyserling said. NPS representatives have travelled the South for two years, and published a book on Reconstruction. It would be a "huge boost to have a national park entity in our community," he noted.

There being no further business to come before council, **Councilman O'Kelley made a motion to adjourn the meeting. Councilman Cromer seconded. The motion passed unanimously**, and the meeting adjourned at 8:03 p.m.