

A work session of Beaufort City Council was held on April 19, 2016 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Mayor Billy Keyserling and Councilmen Mike McFee, George O’Kelley, Stephen Murray, and Phil Cromer, 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.

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

Councilman O’Kelley made a motion to amend the agenda to add an Executive Session for the purpose of discussing boards, commissions, and appointments. Councilman Murray seconded. The motion passed unanimously.

ARTS OVERLAY DISTRICT RESOLUTION

Dick Stewart said the Beaufort Arts Council had submitted a proposal for an arts overlay district that is focused on the boundaries of the Northwest Quadrant, and he explained why. The Northwest Quadrant is part of the Historic District, he said, and the floor plan of the historic houses there is different there than what is being built today. “To maintain that important historic housing stock requires a little flexibility,” he said, so the arts council is proposing that artists, who are people who “can be more flexible,” are good candidates to live there and make art the focal point of the neighborhood.

Mr. Stewart’s proposal – which is an arts council project, in part – is also proposing a way to shorten the process of obtaining regulatory approval and its cost. He said 4 or 5 “formats” for accessory buildings that could be built on sites in the Northwest Quadrant would be presented to the Historic District Review Board (HDRB) for its preapproval, “subject to staff deciding where they might go on a particular site.”

Mr. Stewart distributed a photos of a small manufactured house built in Bluffton that “might be appropriate for the Northwest Quadrant.” He said that house could be delivered on-site for \$43,000. Adding on \$5000 for costs for installation, etc. it would still be less than \$50,000. The theory, he said, is that if a property owner could rent out such a cottage for \$500 a month, that would give him/her \$6000 a year to “amortize a reasonable loan.”

Mr. Stewart said he would commit to working “with banks and owners of properties to . . . find ways to finance these” homes. Family members of the property owners could live in them, or they could be rented to artists. While the buildings could be used for a number of purposes, he said, “We’re promoting them as a place where artists can live, work, and produce their art.”

Mr. Stewart then distributed 4 architectural drawings of cottages “with varying floor plans” from Eric Moser of Moser Design Group (MDG). He has not discussed the cost to build these with builders yet, but “we’re pretty sure it will be “north of \$43,000 . . . a good bit.” He said there are 25 cottages in the Northwest Quadrant that are vacant or abandoned, and with

designs that are similar to MDG's, but "maybe a little bit deeper. Mr. Stewart noted that he also counted 77 vacant lots in the Northwest Quadrant. Therefore, there are 100–110 spots where these houses might go. The artists could teach through the arts council's programs, he said, and promote and sell their art, which is part of the group's mission. An arts overlay there also increases safety because it puts "eyes on the street."

These types of accessory dwellings can already be permitted in the City of Beaufort, but the difference in Mr. Stewart's project is that "folks could sell art." The arts council plan is not to try to be developers or to control what's put in the Northwest Quadrant, he said, but "as people want to do something in their area, we would . . . be willing to help them find ways to get it approved . . . financed . . . built . . . and occupied."

Mayor Keyserling said there have been questions about the placement of these homes on lots. These designs could be built, and then expanded, if their owners wanted to make them into their primary residences. Architect **Eric Brown** and architects from Allison Ramsey, "who worked on the Katrina cottages" designed houses that would "fit."

Mayor Keyserling said Bluffton's town manager had told him that the cottage in Bluffton that Mr. Stewart had shown a picture of and said would be \$50,000, in the end "cost about \$70,000" because "all they bought, basically, was the box" and had to put on porches. That was "their best house," Mayor Keyserling said, while the others ran far over their anticipated budget, although "they're perfectly fine houses." He said he'd gotten the impression from 2 architects and 2 modular companies with experience with these type of homes that "the more affordable way to do it" is to build the houses onsite, "rather than doing modular." Mr. Stewart said the \$43,000 house comes with a porch on it.

Two architects have said they might work with the city on designs "for a discounted . . . fee," Mayor Keyserling said. He thinks this plan is on target for infill and redevelopment. If the arts are the way to market it, that's good, but there may be telecommuters who are interested, too. The home occupation ordinance amendment would include art. Mayor Keyserling said he's not hearing Mr. Stewart say that the intention is, as some have objected to, "having people out in the street selling art."

Councilman O'Kelley asked the square footage of the Bluffton house. Mayor Keyserling said it's 330 square feet. Mr. Stewart said an owner of a primary house might want to use an accessory dwelling on his/her lot as a studio. Councilman Cromer asked what the consensus of the people in the Northwest Quadrant at the neighborhood association meeting had been. Mayor Keyserling said some people from the neighborhood were present in the audience, so they could answer it after council had their "roundtable."

Councilman Murray said he thinks "this is cool." The Moser concept houses are larger than "tiny houses," he feels; they're more like "starter homes." Mr. Stewart said they have never used the term "tiny house." Their plans are for "an arts district house." He went on to describe a past effort at infill in this area. With a donated lot, discounted architectural work, labor and

materials, the cost was still greater than the sale price, he said. If someone has a house they can't afford to refinance, this is an option, Mr. Stewart said. He feels building these on vacant lots would be fine, or someone could build one and then add on a room. If a family owns a lot, but they can't afford to go through the review process, this would be an option.

Mr. Stewart said he believes that the energy of the artistic community is such that they will enable the district to "rise up . . . as a whole." This is not about the buildings, or their design, he stressed: "It's about an arts district."

Councilman Murray said people have questions about the physical form of the house. The goals are to rehabilitate structures or to infill with them. In rural areas, sometimes when the primary structure falls into disrepair, the property owners put a mobile home on their land, move into it, and let the primary residence continue to decline. He asked if Mr. Stewart was concerned that a similar scenario could occur in the arts overlay district, and if they should have a condition in the regulations to prevent that.

Mr. Stewart said what Councilman Murray described happens "in the country" because getting financing for a mobile home "is easy," though it's "not cheap." In the city, bringing a house up to code and getting financing for it can be very difficult. The Northwest Quadrant is different, he said. The community has deemed it "a conservation area" and wants to protect the historic homes there and "celebrate what's special about" them (i.e., "Reconstruction and the Port Royal Experiment began here, years before anywhere else in the country.") The owners of these Northwest Quadrant houses "are actually stewards of a piece of history," like the owners of houses on The Point. They can't tear them down when they're in disrepair, like they "could if (they) were out in the country." So owners there may have difficulty using their property, Mr. Stewart said, if they don't have the resources "or expertise to revitalize that building." This arts overlay would take the risk out of doing something with the properties; "we're trying to provide a "degree so predictability" about the process, while also keeping "vagrants" from living in vacant and abandoned buildings.

Councilman Murray asked why Mr. Stewart is "limiting it to accessory dwellings," if it's about revitalization. Mr. Stewart said they're not; this is just what they are proposing for this district, which needs revitalization. He described a person who applied to build an accessory dwelling unit for an office in front of his house in The Point. When he was told he couldn't do that, he divided the lots, but because it was then the primary building on that lot, he had to build it "2 ½ times bigger than he wanted to because he couldn't get a permit to do what he wanted to do," Mr. Stewart said. This will help people who are "somewhat disenfranchised with the process" to "use their property and earn some income from it." At the Northwest Quadrant neighborhood association meeting, Mr. Stewart said **Fred Washington** had said he would like to earn income on property his family owns, and this program would allow him to. There will be more activity, it will be safer, and "the likelihood of folks investing in their properties is going to go up" if they do this, Mr. Stewart said.

Councilman McFee said he feels this is “a really vital tool,” an opportunity to be creative, and a way to use “new approaches . . . to conserve what’s there.” He feels it’s “certainly worth a try.” **Dwayne Smalley** said he favors “the process of infill.” The 77 vacant parcels in the Northwest Quadrant indicate a need for infill. As a third-generation resident, he is concerned about the impact of this program in 5–20 years; it might be that they are “creating more vacation rentals” and a “more transient neighborhood.” Mr. Smalley said he prefers Habitat for Humanity houses, and “whatever other options” there might be, to the arts overlay district proposal, but he understands “the need for it.” He would “just like to see other options mixed in with it.”

Councilman O’Kelley said not everyone who owns the properties that Mr. Stewart had identified will want “an art cottage.” They might prefer a Habitat house or to build “their own home” where there is now a vacant lot. Another problem, Councilman O’Kelley said, is that some of the troubled properties in the Northwest Quadrant are heirs’ properties, and “you cannot . . . (get) a loan unless that title is cleared up, and that’s sometimes very hard to do.” Mr. Stewart told Mr. Smalley that he was not promoting short-term rentals and would be happy to put a restriction on having them among the arts overlay houses. He told Councilman O’Kelley that “financing (these houses) is a big issue,” but he feels it can be obtained; there are “legal constructs that will allow us to do some things without having to take heirs’ property out of heirs’ hands,” Mr. Stewart said. He’s committed to helping people use something other than bank financing, such as his family foundation, for heirs’ properties.

Maxine Lutz said, “It would behoove the city fathers” to find another National Historic Landmark District where “this kind of scenario” – that is, “permitting of small houses” – “has gone on.” Her organization – the Historic Beaufort Foundation – “is all about protecting the landmark district,” she said. To avoid “a proliferation of short-term rentals” in the Northwest Quadrant would require a city ordinance.

Ms. Lutz said she wanted to discuss “some misinformation going on here”: The example Mr. Stewart had given of a resident of The Point having difficulty with the city’s regulations took place “15 years ago,” she said, and “things have changed in our planning office a lot” since then, “and with our UDO.” She feels people should attend a few HDRB meetings, so they’ll see that obtaining approval “to build a normal house” in the Historic District is no longer “the hurdle it was at one time.” The HDRB does all it can to make sure applicants only come to the board once, Ms. Lutz said, and then they can work with staff to get approval for their projects. It’s “misinformation that’s out there” that the approval process is “a horrendous exercise.” People can already build accessory dwellings in the Historic District without having an arts overlay district, she concluded.

Roger Lemoine asked Mr. Stewart “where the money is coming from” for financing heirs’ properties without a clear title, if it’s not through bank financing. Mr. Stewart replied to Ms. Lutz that his plan “is not an accessory house plan. This is not a small house plan . . . This is a proposal to help people use their properties that includes having art (on) those properties.” He has seen people lose their property because one family member sold their interest in it, and it was auctioned off. Mr. Stewart said he also knows there are people who “have an opinion,

based on their family's experience and history, that nothing good has happened to them at the courthouse, and very few (good) things have happened to them in the city hall." He feels that "while what Maxine was saying may be true, the level of distrust, and the level of confidence about a quick approval of the HRB," are informed by these negative past experiences "in the past decades."

In the past, Mr. Stewart told Mr. Lemoine, his "family and a few others" had "provided a pool of money" to loan to people with heirs' property, so they could rehab it; they were then required to "lease it or do something else to pay us back." In doing this, he said, they had found that "there's so much distrust in the community," because of bad past experiences, this "was not a structure that worked," but he thinks now they can work with others to "put together a pool of revolving money" to "facilitate heirs' property activity." Clearing titles is "not difficult" Mr. Stewart said, though it is "expensive and . . . time-consuming." He feels one of the first things they should do is "begin working with the heirs," and he has some experience doing so.

Judy Barry said she's "concerned about how (this process) is being incorporated into the Beaufort Code, the draft." City planners, "based on this proposal, (are) going to add two dwelling units per lot. With an existing house, that seems (like) a lot," she feels. Ms. Barry can see having one accessory dwelling unit and an accessory building like a shed, but the code would allow two accessory dwellings on a vacant lot. She doesn't think it's a good idea to put in so many units, which are effectively "affordable renting." The owners of the rentals would be people who "perhaps haven't been able to maintain their own house," Ms. Barry said, and they "may not be able to understand what would be required" to maintain this other dwelling on their property. Five years from now, she said, she doesn't want to see problems that the Northwest Quadrant already has now, with absent and uncaring landlords. "That's a blight on the neighborhood that I would hate to see perpetuated," she said. This proposal is "going to forever . . . change the flavor and character of the Northwest Quadrant, and I am concerned about that."

There are also changes to the code that "have accommodated the artisans . . . for display of art outside," Ms. Barry said. "We envision a yard sale." She went on to describe signs that are allowed for artisan home occupations, which she said "are going to sit just 18" from the easement." The Northwest Quadrant will never "be on a walking tour for the tourists that want to see art," Ms. Barry feels.

Mr. Stewart said, "As a company and (as) an individual," he had first submitted this proposal 6 months before. "We have never asked" for signs, two accessory dwelling units on the lot, etc., he said. They have only "proposed to tell artists . . . interested in coming to Beaufort that this is an area that welcomes them," and there are houses and vacant lots in the Northwest Quadrant that will be "available to accommodate their requirements." The artists may work in digital media, be a glassmaker, etc. As an arts council, Mr. Stewart said, one mission is to "create and accelerate the awareness of the historic arts and culture that existed on these Sea Islands." The Northwest Quadrant neighborhood is uniquely "still able to do that." The arts council has asked the city for a resolution supporting the arts district, he said. Staff would approve any house that

goes on an empty lot there. The arts council would like for people to be able to work on and sell their art in any house there. They haven't asked for any other changes in codes, he said. They have asked for a mechanism by which people who haven't had experience with rentals, property management, etc., as Ms. Barry had described, can have a resource that helps them to gain that experience "and perhaps restore their house." As it is now, Mr. Stewart said, for people who have to pay for a car, gas, and rent or a mortgage elsewhere, it's very difficult for them to come up with the money to go through the process of building or rehabbing a property in the Northwest Quadrant. What the arts council is proposing would make it easier for them, and have "a lot of positive" effects.

Ms. Barry asked, if Mr. Stewart is not asking for additions to the code, who is? She has seen these things that she is concerned about in the comments about the code that are on the city's website, and there are references to these changes as requirements of or the intent of "the arts overlay district." Mr. Stewart said the Arts Council did not ask for that. Ms. Barry told Mr. Stewart that "the code is right up next to your proposal" on the website, and these changes she'd cited "got incorporated into the current draft." She wondered if there was "another document that hasn't been made public that we should be aware of." Mr. Prokop said the code that is posted on the city's website is *a draft*, not the final code. Staff had posted the draft and comments so the public could see "the types of things people have asked for." They are having "constant reviews" of the code, and changes are being made. They put "everyone's suggestions out there" online to show the public what people want to see in the new code, Mr. Prokop said, and then it will be "filtered through."

Ms. Lutz said at the last Historic District Review Board, approval was given for two accessory buildings in addition to a main structure. Mayor Keyserling said, under the existing code, that has been done as a way to encourage student housing, for example. The current code is "very friendly to an accessory dwelling," he said, though he doesn't know about multiple accessory dwelling units.

Ms. Lutz said asked Mr. Stewart if he was implying that people who have not had experience renting their property would go to the Arts Council to "get walked through the process." Mr. Stewart said the Arts Council's board "hasn't responded to that issue," but he thinks "artists would probably come to us." If a property owner "came to the us and said, 'We'd like to do something. How do we do that?' we would certainly provide that" information, he said.

Delene Miller, Arts Council president, said, "If it's done properly," the Northwest Quadrant "would bring tourists." Mr. Stewart said he would like to see schoolchildren going there to see how indigo and sweetgrass baskets are made, for example. There would not be "busloads" of tourists; it would be "a walking district." At this time, there are parts of the Northwest Quadrant where people don't feel comfortable walking at night, he said.

Mayor Keyserling said he has received calls from two Northwest Quadrant residents asking where to get money to fix up their houses. "Many, many years ago," the City of Beaufort had "made a decision not to be in the housing business" and instead the Beaufort Housing Authority

was formed. He asked BP how to “respond to people who call us,” as these Northwest Quadrant residents had. Mayor Keyserling thinks there could be 5–10 of these houses a year. The arts council will help by marketing these homes to artists, who will then market the Northwest Quadrant when they live there

Mr. Prokop said city staff should be “showing that there’s a simple way to do this.” At the Northwest Quadrant neighborhood association meeting, a woman had said that she had put plastic over a broken window rather than go through the review process. It’s “a big job” correcting the misperception that the review process is “difficult,” Mr. Prokop said. The city is enforcing its code, but they also want to help people. The city’s jobs, in this case, are to focus on the customer and to simplify the process.

Mayor Keyserling asked those who have worked in the Northwest Quadrant about their sense of this issue. **Patricia Bush** said that she remembers a meeting in 1994 where a man who had no money was “required to have the rhythm and balance of his windows ‘correct’.” This man couldn’t afford a camera, and pictures were required as part of the review process. All he could do was put up plastic, which is what Mrs. Bush and those she was working with did. Mrs. Bush said the city, the churches, and the community had “worked together so beautifully.” People came out for workdays, and in the three years of work in the Northwest Quadrant, the crime rate went down 43%. Over the years, however, it’s gone back to the way it was before, she said.

Mike Sutton said he supports the concept of the arts overlay. He feels nothing that has been proposed “would cause harm.” In 2009, there was “a huge outreach effort” in the Northwest Quadrant. A citizens’ committee created a long list of recommended actions in the neighborhood that was presented to council, and one of the recommended actions was to have pre-approved plans in the Northwest Quadrant. You can put up an accessory dwelling unit today if you have a lot on which to put it, Mr. Sutton said, and have the money to apply to the city, but no one wants to spend the time and money on this project without knowing that their plans will be approved.

Eyes on the street are “hugely important,” Mr. Sutton said. He described other efforts in this district, after Operation Good Neighbor, and said what they do has been “a repeating theme.” Doing this arts overlay is good, he feels, because “anything is better than doing the same thing and expecting different results.”

Calling it “an arts overlay” gives the city another way to market itself, Mr. Sutton said. “The price points” of the small houses “will be what they are . . . but the square footage counts.” There has to be a buyer, and “someone willing to spend the money,” which they won’t have without a program like this. In addition to the vacant and abandoned properties, he said, there are “depleted government buildings” in the Northwest Quadrant. The city also needs a broader tax base. “This is not harmful,” Mr. Sutton said of the proposed arts district. He encourages council to “move this forward” and “continue to let it evolve.”

Deborah Johnson said she had bought a house in the Northwest Quadrant “years ago” and lived there for many years. She also has “been to a lot of these different meetings” and has “a different perspective.” She believes that “everything that’s been put forward is a really great idea,” but she doesn’t “understand why we need ‘an arts overlay district’, though.” Ms. Johnson said she “object(s) to that label.” There’s “already a cultural district” in Beaufort that “has a lot of clout.” Overlaying gets complicated, she said; they should “un-layer the process,” as the city is trying to do, rather than “adding another layer of an overlay.” There are “so many ways” to build partnerships without an overlay, she feels.

Mayor Keyserling said the cultural district is “more about collaboration and cross-marketing,” so it’s different than this arts overlay district, which would be “a statement that we are an arts community,” he said. It’s about “an infusion of energy . . . not anything magical.” Calling it an arts overlay district “indicates interest and focus.”

Erin Moody said there have been many conversations about infill. Her house is in a different neighborhood, but it is 440 square feet and is on a property with a larger house and another house of around 400 feet, so she knows from experience that “this is an affordable way . . . to live.” Ms. Moody said she believes they should continue to have this conversation about the arts overlay and accessory dwellings.

Mr. Lemoine said when he read about the arts overlay proposal, at first thought it was “a great idea,” because he believed it would be something like “a juried arts festival once a year,” and then he felt it’s “not about an arts district or an arts anything”: it’s “about low-income housing and fixing some of the derelict properties.” Now, Mr. Lemoine believes the arts overlay proposal is “really about the city pre-approving some plans that are affordable.” Mr. Stewart said, “It’s not about that. It’s about the arts. It’s always been about the arts.” Mr. Lemoine said Mr. Stewart shouldn’t have to come to the city “and ask for permission to do things that are perfectly allowable now, except for the pre-approved plans.”

Trey Nelson, St. Helena Island, asked, “What are you actually going to do?” about the resolution for an arts district. Mayor Keyserling said the resolution would be simple: to promote the conservation district – the Northwest Quadrant – as a place. They want to create a process so that it is easier to inject life and vitality into a neighborhood that has decayed. People are moving into the Northwest Quadrant, Mayor Keyserling said, and this would give those people neighbors, not “unkempt, vacant lots . . . or decayed housing.”

Anita Prather said she is a five-generation resident of the Northwest Quadrant. She likes the arts district idea. Perception is everything, she said: using “the word ‘arts’ . . . includes many generations.” There are disenfranchised young people in the Northwest Quadrant who are talented, Ms. Prather said, and retirees who are moving into the community. Bringing in affordable housing for artists bridges these two groups, and there can be mentoring of the young people, plus the “laid-back lifestyle” that the retirees like in that neighborhood. There are no jobs for the young people in the Northwest Quadrant, and college may not be an option, Ms. Prather said, so an arts overlay could bring in tourism and entrepreneurial opportunities for

these young people and help them to be “productive citizens.” She said she doesn’t care what they call the district, but they “need to bring in life and hope” to it, so that they don’t have this same conversation in 20 years.

Jesse Gavigan said the city is losing its young people, and many of the military personnel he works with live in Bluffton and Savannah and drive into Beaufort, “so they don’t have to deal with some of the things that are going on,” he said. For military spouses, it can be difficult to get a job, and many of them are stay-at-home parents. Mr. Gavigan feels this plan would be beneficial for Beaufort’s younger people because it would offer “more affordable housing,” and for the military personnel who are now “forced to live on base.” In his experience, many military spouses “have an artistic side,” and living in an arts overlay district, they could stay home with their children and “sell handcrafts” or other art.

Robb Wells said the Chamber of Commerce supports an arts overlay district for its “new energy and investments” in the city.

Larry Holman, Black Chamber of Commerce, said the chamber’s office is in the Northwest Quadrant, and they are building a new facility there. Over 20 years, “walk-in tourist traffic” there has “picked up tremendously,” he said, and an arts district “would only help with that.” Mr. Holman said his neighborhood “has turned into a rental community” because people were unable to sell their homes, so they converted them to rentals and moved elsewhere. That may happen in the Northwest Quadrant, he said, but he feels it’s better to have small houses there than to have “run-down houses and empty lots.” Mr. Holman added that he would like the city to look again at tearing down those houses in this district that are too expensive to renovate.

FY 2017 GOALS AND REVENUE PROJECTIONS – PROPERTY TAX, LOCAL ACCOMMODATIONS AND LOCAL HOSPITALITY TAX, BUSINESS LICENSE TAX AND PUBLIC SAFETY FEE

Mr. Prokop said he and **Kathy Todd** would be discussing the city’s revenue projections. Only certain things can be done to enable the city to raise the revenue it needs to meet rising costs: There has been an 8% health insurance increase, for example, and next year, “our retirement system” will see an increase of 3% or more.

The department heads were asked, “What do you really need to run your department?” Mr. Prokop said, and then in the first cut “almost 10%” was taken from what they had said “their requirements” were. At least \$1.5 million has been cut from what the department heads had said they needed because the city’s revenues are restricted.

Mr. Prokop said a public service fee based on automotive registrations is being discussed. Police and fire protection for new development like Harris Teeter and Walmart needs to be planned now. “We are understaffed,” Mr. Prokop said; planning staff, for example, can’t continue to work the hours they have been working, given “the new development that’s happening.” Another issue is that “the whole county” is planning to increase employees’ wages, which he said hasn’t happened “in several years.”

Ms. Todd said the city has a number of revenue sources: property taxes (30% of total revenue), local accommodations and hospitality taxes (13%), business license taxes (19–20%), and franchise (12%), stormwater utility (5%), and refuse collection (6%) fees.

The county tax assessor provided estimated taxable assessed values for the 2016 tax year, which Ms. Todd discussed. The personal property taxable assessed value decreased 2.08% from tax year 2015, but the vehicle taxable assessed value is estimated to have increased 13%, and the real property taxable assessed value shows 5.94% growth. Ms. Todd said she was “not comfortable building my model” using the tax assessor’s full estimate for real property, which she believes is “excessive,” so she decreased that estimate by 3%. She calculated “the operating rate only . . . on 53.47 mils, which is just slightly up from our current . . . mils.”

Ms. Todd said the property tax collection rate is at 95% now. There has been “good . . . steady” growth, she said, “and it is within budget from last year.”

Councilman Murray asked if Ms. Todd knew why there had been a decrease in personal property taxable assessed value; Ms. Todd said the auditor maintains those records, and the city didn't get any data files on personal property “until recently.” In the next year, they should be getting records from the auditors’ office like they do from the county assessor. Mr. Prokop said the previous year, there had been a large increase in personal property value, so this number might have been “overestimated.”

The estimated property tax revenue is approximately \$5,700,000, Ms. Todd said. There will be no recommendation in the budget for an increase in the debt mil from FY2106. Revenue will also come from business licenses and hospitality and accommodations taxes, which have both increased, she said.

The city has contracted with the Municipal Association of South Carolina (MASC) to analyze its fee structures and rates with a model the association uses, Ms. Todd said. Staff anticipates “an increase of some sort” after that because there has been no fee increase in more than 10 years, she said, and after discussions with MASC staff, she feels “this would be the year to do it in.” Because of this increase, staff added \$100,000 to revenue projections, she said, bringing the figure to \$3.6 million for FY2017. In addition, she said, a new ordinance would have to be adopted to provide discounts on business license fees that are paid early and for “longstanding in-town businesses.”

The city is at the maximum percentage for its hospitality and accommodations taxes, Ms. Todd said. Staff estimates revenues from the hospitality tax to be \$1.8 million, which is \$200,000 more than in FY2016, and \$710,000 in local accommodations tax, a \$101,000 increase from the prior year.

In regard to other fees, Ms. Todd said

- Franchise fees from BJWSA, SCEG, and telephone utility companies are projected to grow moderately. They project a \$100,000 increase over the FY2016 budget estimate.

- There is no change anticipated for refuse collections revenues, and no increased fees are proposed.
- There will be no change in the stormwater fee.
- Staff is proposing a public safety fee for police and fire services, Ms. Todd said. It will be “a flat dollar amount” of \$50 per registered vehicle. This has been estimated to generate \$377,360. She said, “80% will actually pay,” of those who are assessed the fee.

Mr. Prokop said this fee amounts to “less than a \$1 a week,” and most fire and police calls involve vehicles. When the state gives the city the money its owed from the “local government fund” – which he said the state “has been holding back” – this fee could be eliminated. The public safety fee would be added into property tax bills, Ms. Todd said. Mr. Prokop said a lot of the city’s expenses are for work on roads owned by the state. This public safety fee “would be consistently applied to all property owners,” like the stormwater fee.

Councilman Murray said an increase of 1.64 in the operating mill is proposed. He asked what the revenue estimate would be without the mil increase. Ms. Todd said she didn’t know. Councilman Murray asked what that level of mil increase “looks like on a \$100,000 single-family home.” The value of the mil is \$72,000–73,000, Ms. Todd said. “We’re talking about a mil increase on the operating at 1.64, a mil increase on business licenses, and a public safety fee,” Councilman Murray said.

Ms. Todd said **Melissa Carter** at MASC had told her that “most local governments” adjust their fees every time rate tables come from the IRS to compensate for changes in rate class and, consequently, in fees. The city hasn’t done that, she said, and “have always taken the hit . . . when those rate classes were applied.” The purpose of the MASC study, she said, is to hopefully “bring us back to that revenue neutral” place.

EXECUTIVE SESSION

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilman O’Kelley made a motion, seconded by Councilman O’Kelley, to enter into Executive Session for the purpose of discussing boards, commissions, and appointments. The motion passed unanimously.**

There being no further business to come before council, the work session was adjourned at 6:52 p.m.

Councilman O’Kelley made a motion, second by Councilman Murray to end the Executive Session. The motion passed unanimously. Mayor Keyserling announced that council had determined that the members of the short-term rental commission will be David Lott, chairman, Erica Dickerson, Gordon Lamb, Gary Maitland, Craig Ingram, Christopher Inglese, Gene Rugala, Charlie Calvert, Jerry Stocks, Elizabeth Stroud, and Kitty Wolfe.