

A work session of the Beaufort City Council was held on January 26, 2016 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Mike McFee, George O'Kelley, Stephen Murray, 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.

CALL TO ORDER

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

NEW EMPLOYEE RECOGNITION

Kathy Todd introduced **Alan Eiseman**, a new senior accountant with the City of Beaufort.

Capt. **Reece Bertholf** introduced Capt. **Tim Ogden**, Beaufort's new fire marshal. Capt. Bertholf said Capt. Ogden is also a certified building official.

CAPITAL IMPROVEMENT PLAN FOR FY 2016 AND CAPITAL PROJECTS VERSUS CAPITAL PROJECTS BUDGET

Mayor Keyserling said discussion of this was being moved to earlier in the year because council has an option to refinance the debt from the capital sales tax that Beaufort's voters supported, which paid for City Hall, the other municipal building, and "a large portion of the new fire house." When the refunding is done, "your ability to borrow is frozen for two years," but at this time, the city "could . . . borrow . . . more under the agreement." Mayor Keyserling asked Ms. Todd to clarify that "whether you borrow more or not, this kicks in the two-year moratorium on new borrowing." The offering statement "in relation to the refunding" states "that there will not be any new offerings or new debt," Ms. Todd said. "That will affect, obviously, the rate that we get on this refunding."

Mayor Keyserling asked, if they refinance and don't borrow more money, does the savings flow into the principle? Ms. Todd said it reduces the debt mil. That will be the only savings; nothing will be put in the bank. Councilman McFee said he thought council was looking at the CIP (Capital Improvement Plan) to see what the city might need to borrow money for in the next two years.

Mr. Prokop said he and Ms. Todd had not had time to prioritize the list that council was given. He also noted that this is not the capital plan that will be presented for the budget. These are expenses they know they will have, but others come up unexpectedly. The air conditioning in City Hall doesn't work, for example, and they will need a new part to update it, which costs almost \$20,000. The solar proposal shows it could bring about a 19% reduction in electrical costs, Mr. Prokop continued, but if they want to do it, that's an investment. If they want to update Fire Station #1, it would cost \$650,000. The city can borrow from a bank during the aforementioned two-year period, but the interest rate would be 3%–6%, so the cost will be

more, and some of the costs for the projects they want to do have also gone up significantly since they were first put on the CIP.

Mayor Keyserling said when they borrowed with the bond, it was “fairly stringent” that the money was to be used for three projects. He asked how they can avoid tying new projects to “bonds that were floated based on the voters voting for three specific things.” Ms. Todd said the new issue is untangled from the 2008 general obligation bond. The refunding is tied to those bonds, but the new money is “an additional bond offering,” she said; “they’re two separate issues.” This “new issuance” need not go to voters because of the dollar amount, and it can “just be a general obligation bond for new money.” Ms. Todd said the debt mil is tied to the 2008 bond but also to a 2012 general obligation bond.

Councilman Cromer said he wouldn't be comfortable with using this money on a new project, but he might be if it were used on repairs, etc., given the amount of deferred maintenance the city has. The Arsenal's maintenance – roofs, air conditioning, and windows (because it's in the Historic District) – will all cost many thousands of dollars, Mr. Prokop said. They could use the money to do the maintenance and repairs that have been on the city's list, but not add new roads, for example.

In regard to Councilman Murray's question the previous week about paying back new borrowed money if it wasn't all used, Ms. Todd said, “It would cost a premium” to repay it sooner than in 10–15 years, which is the norm, so bond counsel recommended against it.

Ms. Todd described how items get on the CIP list. Putting it on the plan doesn't mean it goes onto the capital project budget, she said. Something that was put on the plan for two to five years might move to the 10-year plan, for example, and things roll off of it, so “this is a fluid document.”

Affordability analysis, “among other moving parts,” comes into play in the capital development plan, Ms. Todd said. It involves a great deal of planning, and she went on to describe the various plans and how the projects in those move into the capital projects budget.

There was an effort made to tie the CIP into the Civic Master Plan, Ms. Todd said. The CIP ended up developing as funding sources were targeted – particularly grants and partners to help complete projects. Projects have to be able to be fully funded before they move off of the CIP, Ms. Todd said, and into the capital project budget.

Ms. Todd indicated a handout to council of a summary of the current CIP for FY2016 and projected it overhead. Some items are active capital projects in the capital project fund and are currently totally funded, while others are short-term needs on the CIP for which funds need to be found for various reasons. Ms. Todd reviewed some short-term and immediate needs, including major repairs to the Arsenal, \$100,000; HVAC and generator upgrades at City Hall, \$70,000; the Carnegie building's window refurbishing, \$40,000; the Public Works complex repairs, which are not on the short-term needs list; site upgrades to the property at 500

Carteret Street, \$50,000; police and municipal building security camera system, \$50,000, and fire station headquarters repairs, \$50,000.

If CDBG (Community Development Block Grant) funding is obtained for Greenlawn Drive, Ms. Todd said, the project will have a funding shortfall of \$750,000. She doesn't know the timing for agreements, but she wanted council to know the needs, and they should have an idea where the money will come from before they apply for the grant.

Total short-term needs are \$1.7 million (less the \$750,000 to complete funding of the Greenlawn Drive project). Ms. Todd also presented a list of the known funding sources for current funded capital projects.

Councilman O'Kelley asked if these were actual cost estimates, such as for the window refurbishing at the Carnegie building, because some of them seem high to him. **Lamar Taylor** said that estimate is from last year, and it's \$40,000 because they must point *and* paint the windows. Mr. Taylor said he could present council with the quotes they had received. Repaving the bowling alley parking lot, which is a contractual obligation, is estimated to cost \$200,000. Mr. Prokop agreed that the prices are surprisingly high.

Mr. Taylor said the work on Fire Station #1 could be phased in. **Maxine Lutz** said because the Arsenal and the Carnegie building are historic, there could be grant funding from the SC Department of Archives and History. That agency has a covenant on the Arsenal; the City of Beaufort might have to collaborate with a nonprofit like Historic Beaufort Foundation. Mr. Taylor described what needs to be done at the Arsenal and said he would like to explore grants to pay for what's needed. Ms. Todd said each of these is on the priority list that **Deborah Johnson** has, so Ms. Johnson is looking for grants for these projects.

Mr. Taylor said they are working on a long-term maintenance fund for expenses like these for the Arsenal, and Mayor Keyserling said they were going to do the same for long-term funding for Waterfront Park. Mr. Prokop said these long-term capital needs funds have been cancelled out of the budget every year when operating fees are needed.

Councilman Murray said he has observed in his year on city council that projects rarely come in under budget; there could be a significant shortfall with the Boundary Street project. Ms. Todd said that's why she doesn't want to plan on using extra TIF 2 funds until they know where they stand on Boundary Street. Boundary Street's original budget was done in 2013, and not all estimates had contingencies built in, she said. Estimates now are done more securely, and they build in contingencies so that they have more funding set aside and don't have to come back to council.

Councilman Murray asked Mr. Taylor how confident he is that \$125,000 is enough for Southside Boulevard; Mr. Taylor said they have around \$250,000 now, including a CTC (County Transportation Committee) grant. For the North/West drainage, he has \$80,000, and "that

should be close.” The Cottage Farm drainage is being done out of another allocation budget for the outfall, Mr. Taylor said.

Councilman Murray asked if other revenue sources have been dipped into to pay for stormwater. Ms. Todd said before the last rate increase, all stormwater projects were supplemented by general fund resources: “A significant chunk” came from there. Then a decision was made to only engage in projects that cost up to the anticipated stormwater revenues for that year, she said. The stormwater revenue budget equals the stormwater department’s operating budget, so they don’t dip into the general fund.

Mr. Prokop said a rate study was done, and the engineers will tell the city if the rate is good, if it should be increased, etc. This meeting will be within the next month. Councilman Murray clarified that the drainage projects on the list could be excluded for the sake of the discussion today, and Mr. Taylor and Ms. Todd said that was correct.

Councilman Murray asked about the Mossy Oaks fire station project. Mr. Prokop said council will have a full report after a meeting this week with BJWSA. In regard to Allison Road improvements, Mr. Taylor said they have met with the DOT, and about 80% of the department’s questions were answered. Councilman Murray asked if they feel the funding is adequate for that, and Mr. Taylor said yes.

Councilman Murray asked if Duke Street is finished, and Mr. Prokop said yes; they had received a letter from the state to that effect today. Mr. Taylor said the transient dock bid opening is this week, and the day dock is in permitting. Councilman Murray asked if there was a time constraint on the bowling alley paving. Mr. Prokop said the agreement says that the city will “repave and restripe” it, but they are hearing that the sub-base is not good, so they are looking at the agreement. It does not, Councilman McFee added, say the city must “bring it to a new elevation.” There might have been expectations of a timeline, but there is nothing in writing, Mr. Prokop said. They are trying to get three bids to determine real costs. It might be less because fuel costs are less now.

Councilman Murray asked if the short-term needs are staff’s “priority items.” Mr. Prokop said, “outside of the projects we already have under construction,” the priority items are what are shown as short-term needs, and he agreed with Ms. Todd that Greenlawn should be tied to any remainder in the TIF after Boundary Street. Ms. Todd said they need to gauge the availability of resources in the TIF, but they can’t. The TIF ends at the end of 2017. They do not need to have 100% of the TIF revenues in fund balance by then, but they “do need to be moving toward that,” she said. They may know in two years that they can do it, and then Greenlawn would be the priority for excess funds.

Mayor Keyserling asked about the CDBG for Greenlawn, and Ms. Todd said the timing wouldn't work, because work on Greenlawn would have to begin before the city knew about the remaining TIF2 money from Boundary Street. There was a general discussion of amounts and matching funds for CDBG grants.

Councilman Cromer said a TIGER grant could work for a parking garage, but that project, he feels, is three to five years out.

Councilman Murray asked about the project for sidewalks on Salem Road. Mr. Taylor said that “was part of the needs assessment” by the CDBG; “they asked if we wanted to do something,” and it was “an opportunity to get a grant” for sidewalks along the road. He added that there’s also a possibility of getting some CTC money for it. Mayor Keyserling asked Mr. Taylor, “Don’t we sort of split that with the county?” There was a general discussion about this. Mayor Keyserling suggested that **Brian Flewelling** might help with getting the county to collaborate. CTC funding is available now, Mr. Taylor, but he’s concerned about getting money from them because the last meeting “didn’t go too well.”

Mayor Keyserling asked if there had been research into “funds available to schools for walkability,” which might be used for the sidewalks to Beaufort Elementary. There was a general discussion about which streets in that area have – or could use – sidewalks.

Paul Thompson said the national average cost for paving is about \$2.40 per square foot. He asked if the city compared the bids it gets with national averages. Mayor Keyserling said the state does most repaving. Councilman Murray asked if the bowling alley paving would qualify under CDBG. Councilman McFee said it’s not public; it’s private. Councilman O’Kelley said a church owns it. Councilman McFee asked if there would be other funding sources for something like that. Ms. Johnson said it might qualify for a rural grant, but it would still need to be public. Also, that area is not LMI (lower- and middle-income); Spanish Point is across the street from it.

Councilman Murray said he’s comfortable postponing the Greenlawn Drive project for at least a year, so as not to hurt the city’s chances of getting CDBG funds. Mr. Prokop said **Dick Stewart** had said he would be delaying at least a year on his part of it.

Mayor Keyserling said the most pressing LMI need is housing. Ms. Johnson said they could apply for CDBG funds for that. Mayor Keyserling said if the Northwest Quadrant is going to remain diverse, which he thinks is important, this might be the time “to get back into that business” and get \$500,000 in CDBG funds and a match in order to rehab those historic structures. Operation Good Neighbor is “basically dead,” Mayor Keyserling said, and the neighborhood dinners there have changed from their original purpose. The demand for market rate housing is soaring, he said, and if they aren’t careful, only the problem properties will remain. He thinks that might be “the place for CDBG funding,” rather than in Greenlawn. There was a general discussion of a revolving fund. Ms. Johnson said that they could research that if that’s the direction council wants to go.

Mr. Thompson said the housing shortage is an issue; he had to move out of the downtown area because he couldn't find anything in his price range there, and many others say the same thing about LMI housing downtown. Ms. Todd said there’s currently a home investment program grant from LCOG (Lowcountry Council of Governments). Ms. Johnson said LCOG is encountering

problems in the Northwest Quadrant because the homeowners don't have enough insurance, so they don't qualify, even when the money is there, as with the HOME program.

Councilman Murray asked about the \$40,000 for upgrades to the Public Works complex. Mr. Taylor said it's for security cameras because of theft, garage doors, and bathroom upgrades. It can be done in phases, he said.

Councilman Murray said, on the list that council was given, he sees no projects that are so critical, and without identified revenue sources, that he feels the city should justify borrowing money to pay for them. Mr. Prokop said staff's perspective is that they "were going to do maintenance," but if they don't have new money with which to do it, they "will work the budget" as needed and do what they can. They are "totally comfortable with no new money," he said, but they wanted council to know "that these are the things that we have to do."

Councilman McFee asked if they need matching funds if they go after "additional leveraged monies" for historic renovations. Ms. Todd replied, "Most of the time, yes." Councilman McFee asked, "Can we find that in our regular budgets?" Ms. Todd said some grants are seen year after year, and Ms. Johnson is putting together a list. There's a list of projects for which they are looking for grants; when they know what they are applying for, they can build the matching funds they would need for those into the city's budget.

Mr. Taylor asked if council could agree to "borrow *some* money toward facilities." The Pigeon Point boat ramp cost \$30,000, for example, which "ate up completely the operations budget for park maintenance," and the \$18,000 spent to repair the leaking roof on the Carnegie building "wasn't funded, so that took money out of another operations budget." Postponing facilities needs repeatedly means they will inevitably have "unexpected costs," Mr. Taylor said.

Councilman Cromer asked if there are "enough short-term needs . . . to make it worthwhile to even do this bond thing." Ms. Todd said there is "lots of room on the general obligation debt limit." If council only wanted to borrow "a small amount," Councilman Cromer asked Ms. Todd, "is the cost worth it?" She replied that the rate on the new debt is a little over 2%, and the mill rate change is minimal on, for example, \$1 million.

Mayor Keyserling said his concern about borrowing more money is that people believe that the way the city got into debt was by doing "almost a bait and switch." This is one of the reasons people don't trust the LOST (local option sales tax), he feels. The chance of the LOST getting on the ballot is slim, Mayor Keyserling said. The county's capital projects effort doesn't seem to be coming together, either. If the LOST were passed, there would be \$1.7 million available every year for these kinds of projects, he said. Not adding new money would help a cynical public to see that government "did what we said what we were going to do," Mayor Keyserling feels. Councilman Murray said if the city had taken leftover 2008 bond money and used it on other projects, he would feel that way, too, but in actuality, they had exhausted the bonds, and then spent an additional \$1 million from the general fund to finish the fire station.

Mr. Prokop said if there were a critical project in the next two years, the city could go to a bank and borrow \$1 million, but the interest rate would be higher. Councilman McFee said doing that would mean giving up some of the benefit the city is getting from refunding the bond debt. Ms. Todd said they would also pay issuance costs again. Mayor Keyserling said getting this money is “certainly justified” by the needs on the list, and most of them have been on that list “for a long, long time.” He said his problem is not about how the money would be spent but with separating the new money from that which is tied to an ordinance that voters were promised would be paid off.

There was a discussion of the necessary scheduling for the refunding and possible additional borrowing. Ms. Todd said, even if they proceed with the new money, they have time to think about it; “you can pull out of the new money part of it,” even if council passes it on second reading. If there's a new bond offering with new money, they need to determine the amount and say how it will be spent *on first reading*. Mr. Prokop said council could have a special meeting to determine this. “The window of opportunity closes on the February 9,” Mayor Keyserling said.

Councilman Murray said on the list, the short-term needs, not including Greenlawn, total \$440,000, and the HVAC and generator upgrade for City Hall is another \$70,000. If they refund the bond debt with no new money, the debt mil goes down. If they add on \$500,000, Councilman Murray asked, what is the millage impact? Ms. Todd said she believes there would be “only a slight modification to the mil.”

Ms. Johnson said that there are many grant opportunities, but they aren't considering some because there is no chance of the city being able to make a match now, so she recommended “broad language for the ordinance.” Mr. Prokop said bond counsel would recommend the same thing. Councilman McFee asked how general the language could be; Ms. Todd said she has seen language as general as “projects in the CIP” in the county's general obligation bonds, for example.

Councilman Murray said there is an identified list of projects at this point, and if things change (e.g., grants are obtained), council could make a case to voters that they want to change the capital project on which they spend the money. He thinks saying they want to “borrow \$800,000 for capital improvements projects is too general.” Ms. Todd said they could ask the attorney to draft the ordinance for council to look at. Mayor Keyserling said Councilman Murray is not talking about the language in the ordinance but about making the borrowing “millage neutral.” Councilman McFee said, “The debt mil is never considered as part of a change. We always maintain that” taxes aren't being increased, “but you're (the taxpayer) responsible for the debt mil,” so if it goes up, “then their taxes are going up,” so he thinks it's important that it be truly “tax neutral.” Mr. Prokop said they would ask the bond attorney if the ordinance could say, “for any item that's on the attached list.”

Councilman Murray said these are critical repair needs that the city has had on this list for years, and the problems don't get better or the repairs cheaper as the city puts off doing them.

Mayor Keyserling summarized that they are saving \$800,000 by refunding the bond debt, and if they do this, they will spend that savings on capital projects, instead of on paying interest on the bond. Ms. Todd said she would check with bond counsel about whether they could borrow just \$800,000. They may have to make it \$1 million.

There was general conversation about when council could have its special meeting.

There being no further business to come before council, the work session was adjourned at 6:47 p.m.

A regular meeting of the Beaufort City Council was held on January 26, 2016 at 7:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, council members Mike McFee, George O'Kelley, Stephen Murray, 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.

CALL TO ORDER

Mayor Keyserling called the regular meeting to order at 7:00 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE

Alex Mark, pastor at First Scots Presbyterian Church, led the invocation and Mayor Pro Tem McFee led the Pledge of Allegiance.

CHARACTER EDUCATION PROCLAMATION

Councilman Murray made a motion, second by Councilman McFee, to proclaim Adrionna Byas, Lady's Island Elementary School, student of the month. Councilman McFee read the proclamation. Mayor Keyserling presented it to Ms. Byas.

MINUTES

Councilman McFee made a motion, second by Councilman Cromer, to approve the minutes of the work session and regular meeting on December 15, 2015. On page 1, Councilman Cromer said Mr. Irwin's reference to "GASB 6871" should have been "GASB 68"; Ms. Todd confirmed this. On page 3, in the third paragraph, Councilman Cromer said "this" should be inserted between "thinks" and "isn't fair." **The motion to approve the minutes as amended passed unanimously.**

Councilman McFee made a motion, second by Councilman Cromer, to approve the minutes of the regular meeting on December 22, 2015. The motion to approve the minutes as presented passed unanimously.

ORDINANCE AUTHORIZING CITY MANAGER TO EXECUTE A CONTRACT OF PURCHASE, SALE AND LEASE AGREEMENT WITH THE RIVER PICKERS, LLC FOR THE PURCHASE OF PROPERTY LOCATED AT 2242 BOUNDARY STREET

Councilman McFee made a motion, second by Councilman Murray, to table the ordinance. Mayor Keyserling asked the councilmen to withdraw their motion. **Councilman McFee withdrew the motion, and Councilman Murray his second. Councilman Murray made a motion, second by Councilman McFee, to approve the ordinance for discussion on second reading.** Mayor Keyserling said the buyer and the seller have some concerns and may not want to sell the property. This "doesn't commit us, if there's no contract," he said. It only authorizes the city manager to execute a contract, and it allows "the lawyers to keep moving forward." Mayor Keyserling said he would like the lawyers and the county to know that "the council has not changed (its) mind."

If council authorizes him to enter into a contract, Mr. Prokop asked that there be no additional terms beyond those that have been agreed to. Mayor Keyserling said, "We had an arrangement"; no contract was executed. The city manager "met with the seller and the attorney," and there was "general agreement to go to contract." The seller later "called a member of council" and said he would not sign the contract, Mayor Keyserling said. Now the seller's and the city's attorneys are discussing "if there's a way to go forward." Mr. Prokop said the seller had agreed to this contract in the summer of 2015, and then it went to the attorneys to be drawn up. Mayor Keyserling said nothing changes but the dates (e.g., of the contract, closing, etc.).

Councilman Cromer pointed out a typographical error in the ordinance: "open" in the third "Whereas" should be "opened." In the final "Whereas" on that page, Councilman Cromer said "Open Lands account" should be "Land Acquisition Fund." Ms. Todd said, "It's called Committed Fund Balance for Land Acquisition." **Councilman Murray amended the motion, and Councilman McFee his second, to include the provision that there would be no modification of any previously agreed to contract issues, other than closing date and lease terms; "open" would be changed to "opened" in the ordinance's third "Whereas," and "Open Lands account" would be changed to "Committed Fund Balance for Land Acquisition."** The motion to amend passed unanimously.

The original motion passed 4-1, Councilman Cromer opposed.

REQUEST FOR CO-SPONSORSHIP BY FIRST SCOTS PRESBYTERIAN CHURCH FOR THE EASTER SUNRISE SERVICE IN WATERFRONT PARK

Councilman McFee made a motion, second by Councilman O'Kelley, to approve the request for the March 27, 2016 event. Mr. Mark said this is the third year they have done this; they collaborated last year with First African Baptist Church and will again. **The motion passed unanimously.**

ORDINANCE AMENDING TITLE 7 OF THE CODE OF ORDINANCES BY ADDING SECTIONS 7-1026 AND 7-1027 PERTAINING TO THE LICENSING OF GROUP EVENTS

Councilman Murray made a motion, second by Councilman McFee, to approve the ordinance on first reading. Ms. Todd said this would establish a group event license "that would cover festivals or other entertainment events throughout the city . . . on public or private property," to avoid the need for individual transient merchants to purchase their own business licenses. The event sponsor would purchase a group business license, based on the number of vendors that are to be at the event. Ms. Todd indicated the four tiers of costs based on the number of merchants: 1–5 vendors would cost \$200, 6–10 vendors would cost \$400, 11–15 vendors would cost \$600, and more than 15 merchants vendors would cost \$1000. Ms. Todd said if a sponsor over- or underpaid for the number of merchants at the actual event, they would have to come to the city to reconcile the amount of the license.

Councilman O'Kelley asked about trade shows and a difference in the language about sales; Ms.

Todd said attendance at trade shows is typically closed, so they do not qualify as festivals or entertainment. To do so, it has to be open to the public, and the vendors must profit. Councilman Murray said the Chamber of Commerce's Business Expo is an example of a local trade show to which this provision would apply.

Mayor Keyserling asked about the Beaufort Art Association having a show and sale that the public is invited to, or the Festival of Trees. Councilman Murray said those organizations' events don't have separate vendors. Ms. Todd said if the Art Association were to do that, and they had food trucks for food and beverage sales, or crafts they were selling at market price, that would be different than if they were just having an art show. Councilman O'Kelley said if it's a local business, they already have a business license. Ms. Todd said if artists are selling their work to make a profit, they have to have a business license.

Mayor Keyserling said proceeds from fundraising auctions may partly go to the artists whose art is sold. It's "a little fuzzy," he said. Ms. Todd said that there was originally a draft of this ordinance that distinguished between nonprofits and for-profits, but council had said that was administratively burdensome. Mayor Keyserling said there's "still a loophole." Councilman McFee said he knows of no nonprofit fundraisers that kick back part of their sales to contributing artists. Mayor Keyserling said that sometimes someone will donate a \$3000 piece of art, and the artist gets half the sale price back. Councilman McFee said council had said that whether a business or organization is for-profit or nonprofit, if it generates income for its vendors, it should follow this ordinance.

Ms. Todd said there is an option to get individual business licenses and not do the group rate. Councilman Murray said it would be cheaper for the sponsor, if there were just 1-3 vendors, to pay for them to get their own itinerant peddler licenses. There was agreement among council that they would have to tweak the ordinance as issues arose.

Mr. Thompson asked what would happen if an exempt group (like Main Street Beaufort) were no longer in charge of Taste of Beaufort or Shrimp Festival. Ms. Todd said if a grandfathered event changes management or structure, it falls under the new group event policy.

In regard to the earlier ordinance authorizing the city manager to execute a contract for the purchase of property at 2242 Boundary Street, **Joseph Dunkle** said there's a perception among the public that the city already has excess property, "and now you're buying more." **The motion passed unanimously.**

ORDINANCE AMENDING CHAPTER 9 ARTICLE C OF THE CODE OF ORDINANCE PERTAINING TO THE REDEVELOPMENT COMMISSION

Councilman McFee made a motion, second by Councilman O'Kelley, to approve the ordinance on first reading. Councilman O'Kelley said in Section 1-9023, under "Terms," it calls for the appointment of commissioners for terms of two years, and Section 1-9033 allows commissioners to be reappointed for a second term, "so they can serve four years," he said. He asked council if they "think that's enough," or if it should be amended to allow commissioners

to serve longer than four years. Councilman O’Kelley said they need not decide this now, but suggested council might want to look at extending commissioners’ terms. Mayor Keyserling said Councilman O’Kelley could talk to the city manager about drafting language concerning this before the second reading of this ordinance. Councilman McFee said this makes sense for the Redevelopment Commission at this time. The initial point of this ordinance was to allow the RDC to operate as it was intended to.

Councilman Murray said he would vote against this because he doesn’t agree with council being on the commission. Councilman O’Kelley said before the last Redevelopment Commission, on which only “laypeople” served as commissioners, city council was on it, and “it worked fine.” Councilman Murray replied that, as one of the laypeople on that commission, it had “worked okay.” They “got work done,” though “project issues” caused them to lose momentum. He feels “it was a better separation of council authority and Redevelopment Commission authority,” and “allowed . . . more talent in the commissioner pool.” Councilman Cromer said he agreed with Councilman Murray. Councilman Murray said one of his concerns had been council’s “willingness to do the heavy lifting,” and he’s “been pleasantly surprised” by what he has seen them do. **The motion passed 3–2, Councilman Cromer and Councilman Murray opposed.**

ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS OF 2016

Councilman Murray made a motion, second by Councilman McFee, to approve the ordinance on first reading. Mayor Keyserling explained that the city has an opportunity to refinance bonds at a substantial savings. This authorizes staff to move forward on “bond refunding,” Ms. Todd said, correcting the terminology (from “refinancing”) some councilmen had been using. **The motion passed unanimously.**

RESOLUTION AMENDING THE CONTRACT OF SALE OF 302 CARTERET STREET

Councilman McFee made a motion, second by Councilman O’Kelley, to approve the resolution. Mr. Prokop said “an administrative error was found in the sale papers . . . and property taxes had been overlooked.” The administrative error has since been corrected. The purchase and sale contract is written, and there will be no changes. This matter “affects the lease that we had” with Lowcountry Produce, he said, “and we’re waiving the taxes that were due because we had not billed them” for roughly \$35,000 over the last three years.

Councilman McFee noted that the city – like all nonprofits – had not paid property taxes on the building “until we changed it to a restaurant.” Mayor Keyserling said, “Two years after we changed it to a restaurant is when the assessor caught it.” Until then, the city had only paid stormwater fees on the building.

Councilman Murray said he would not vote for this. “The lessee has a contractual obligation to pay the property taxes,” he said. Not billing Lowcountry Produce for property taxes is an unfortunate mistake, but the lessee should be responsible for paying them, he feels. Councilman McFee said he would not be in favor of the city paying the taxes, except that “it was an egregious error on our part, and I’m not willing to forgo the sale” of the building now to

rectify that error. Councilman O'Kelley agreed with him. Councilman Cromer said he would oppose the resolution "on principle" because paying the property taxes was "a contractual obligation." Mayor Keyserling said the city had an obligation to collect the property taxes of its tenant, but it didn't do so. Councilman Murray said, in his business, he's forgotten to invoice customers, and vendors have forgotten to invoice him, but he has never forgiven – nor been forgiven – debts because there was delayed invoicing. In this case, "taxpayer dollars" are "subsidizing a secondary business."

Mr. Thompson asked if this was a standard commercial triple net lease. If so, the tenant is responsible for property taxes, building insurance, and maintenance costs. He would be obligated to pay the property taxes, even if the city didn't bill him. This isn't fair to other businesses in the city, Mr. Thompson said. Mr. Prokop said the city paid taxes to the county, the school, and the city, but they were not collected from the lessee.

Councilman McFee said it's not worth losing the sale of the property for \$35,000. Three councilmen replied to Mr. Thompson's question about the sale being lost, saying that the former lessee, now the buyer, "has indicated" that it "definitely would be." According to Mayor Keyserling, "The funding would disappear," which he said meant the sale would be lost. **The motion passed 3-2, Councilmen Cromer and Murray opposed.**

CITY MANAGER'S REPORT

Mr. Prokop said the police department was awarded a grant for \$113,000, which would pay for "one officer and a patrol car." They are applying for the same grant for next year.

The Boundary Street project is underway, Mr. Prokop said, and **David Coleman** is holding meetings to answer questions about the project in the Boundary Street Gallery on City Hall's ground floor. In the next 30 days, they will meet with all the businesses along Boundary Street, he said. They will also meet with the county in the next two weeks about the budget and staying within it. Those meetings will take place each month.

The Arts Overlay District proposal to build "tiny houses" was presented to the Redevelopment Commission, Mr. Prokop said. City staff "totally supports" this project, and recommended that the commission consider "two critical things": 1) that the tiny houses have sprinklers installed, which would cost \$1– \$3 per square foot, and 2) that the project be considered "a pilot program," with perhaps a two-year window, so a dilapidated house isn't left to deteriorate further when a tiny house is put next to it, while the owner moves into the new structure instead. Mr. Prokop said the home-based business ordinance should also be looked at; the tiny house would need to be an artist's primary residence, not just a studio.

Mayor Keyserling asked the next step. Mr. Prokop suggested the Redevelopment Commission could ask the developers to come to another meeting and recommend that they come up with 4–6 design plans for the houses and take them to the Historic District Review Board. He said staff would recommend "sticking with the current ordinances," then seeing what changes need to be made.

Ms. Johnson said the developers – Mr. Stewart and **John Trask** – were told that “the Redevelopment Commission would have to include something in (its) Redevelopment Plan” in order “to have the legal authority to do anything with it.” This can be easily done, Ms. Johnson said, but “we told them to come back to council.” Council could, however, tell them to go back to the Redevelopment Commission, instead. It was going to be put “in Redevelopment’s Sector 1 plan, anyway,” she added. Mr. Prokop said the developers could be sent a letter saying that they should go back to the commission, and showing them the staff’s suggestions; meanwhile, “we can put whatever we have to” into the Redevelopment Plan in regard to this project.

Councilman Murray asked Mr. Prokop to talk to the fire chief about sprinklers in residences, which Councilman Murray said he doesn’t know enough about. Mr. Prokop said that many states are requiring sprinklers now. Capt. Bertholf said they had recommended sprinklers for tiny houses because a manufacturer could install them “in a controlled environment,” and it would be inexpensive. Most sprinklers are life-safety oriented, he said. “There is no refuge (from fire) in a tiny house,” Capt. Bertholf said, so having sprinklers is a life-safety issue. Councilman Murray said it seems like a small fee to have them, but many small fees add up. Mr. Prokop said having sprinklers could lower insurance costs.

Mr. Prokop said the Dragon Boat races will no longer be part of Water Festival. There will be a new event September 2 and 3. He said this will have many benefits for the city, which is helping to organize the event.

Council’s retreat will be February 22 and 23 at the BJWSA offices, Mr. Prokop said. The schedule and agenda will be forthcoming.

Walmart construction on Lady’s Island will start within the next week. There will be a lot of tree cutting and fill being brought into the site. *Most* trees will be cut. They are bringing in 20,000 loads of fill. It will be filled to 6’ to meet the flood plain requirements. There will be “ugly” clear-cutting and truck traffic for three months. However, they have to plant back trees, have a 15’ buffer, and follow other regulations.

Councilman Murray said that’s about \$3 million worth of dirt. He asked if Walmart has to provide conceptual images of the site from Highway 21. Mr. Prokop said yes. Councilman Murray suggested that be released to the press to share with the public. The final design has to come in through design review, Mr. Prokop said, and he agreed that the public should be shown that. Mayor Keyserling said that ordinances have been followed to a tee. Mr. Prokop said stormwater regulations have been followed, too. Councilman O’Kelley asked if they would have retention ponds, and Mr. Prokop said yes, and “huge drainage pipes and ditches.” Walmart met all of the city’s and county’s requirements. The flood plain requirement is a federal one.

Councilman O’Kelley said people still will misunderstand and misinterpret. A recent letter to the editor asked why the city doesn’t stop Walmart, for example, and he had composed a response

in his head, explaining that it had tried.

Mr. Prokop said there's a high probability that Harris Teeter will go into the old Publix building, demolish it, and build a bigger building, which will include cutting down trees that were in the parking lot when Publix was there. The mayor said he has already received emails about this. The city and county planning departments are work together to look at what is going to happen in this whole area, Mr. Prokop said, such as whether they need to widen the intersection.

There was a general discussion about airport officials' concerns that development in the area would attract birds, which are dangerous for planes.

Mr. Prokop said that city staff has put a process in place to avoid situations with other businesses like the one at Lowcountry Produce, which was not billed for property taxes it was obligated to pay.

The pre-bid meeting about Southside Boulevard sidewalks is February 8, bid opening is expected February 19, and Mr. Prokop said they hope construction will begin in the beginning of March.

Mr. Prokop said staff had received comments about Allison Road from SCDOT. He said this is the sixth time the city has gotten feedback from them, and Ward Edwards is drafting responses. They may push to meet with "the powers that be" in order to end the delays, which will affect grant funding, for which the city will have to seek an extension.

Mr. Prokop noted ongoing work in the city: the Battery Creek water quality retrofit, West Street drainage, Hancock Street drainage and overlay, Hermitage Road, Azalea Drive, Hamar and Greene Street drainage improvements, and Lafayette Street.

The bids for repairs and upgrades to the transient dock will be opened January 29, Mr. Prokop said. Hopefully, "they come in within budget," he said, and will begin work soon, so construction will be done by early April.

For the parking lot at 500 Carteret Street, Mr. Prokop said, they are trying to get in a minimum of 75 cars. Four possible tenants have contacted staff about space in the building, and there's been no advertising.

The technical team for the cameras that are to be placed downtown has reviewed the area, Mr. Prokop said, and they believe that 12 cameras can be used, rather than 14, if SCE&G cooperates and allows some to be placed on its poles. The police department, Public Works, and the camera company are working on this together, he said.

Mr. Prokop said the public should contact staff or check the city's website if they have questions or concerns about city matters.

Mayor Keyserling asked about the RFQ for parking. Mr. Prokop said the committee is meeting this week. There were four bids. Ms. Todd said they are waiting to hear from one of the committee members about his/her availability, but the members all have the bids.

Councilman Murray asked about plans as discussed at the Redevelopment Commission meeting to put out an RFP about development of the building at 500 Carteret Street. Mr. Prokop said staff will draft an RFP for its development “as a whole.” Mayor Keyserling said they’d already had a prospect interested in doing that. Councilman Murray said he feels that they “have an obligation to advertise this building” to the private sector through the real estate community to determine if there is broader interest before deciding to lease it to individual tenants.

Councilman Murray said that he felt like that had been the consensus of the Redevelopment Commission. Mr. Prokop said, “That is on my list.” Mayor Keyserling said a list of prospective tenants could be a sales tool. Councilman Murray said they might find there’s no developer interest, but he feels it’s their obligation to do an RFP to find out before moving on to “next steps.”

REPORTS BY COUNCIL

Councilman Murray said that the Chamber of Commerce hosted a State of the Bases program. Parris Island graduated more than 16,000 recruits last year and intends to graduate an additional 2500 this year. The chamber estimates seven visiting family members for each graduate. There are 22 F-35 fighters on base now, he said, and 100+ personnel from the UK, which will increase to 200–250 by the end of next year.

At least “four folks who I know . . . were dedicated to the community” all passed away recently, Councilman Murray said – **Bertis Parker, Jr., Darryl Murphy, Carolyn Davis, and Dick Jarrett** – and he offered condolences to their families.

The TCL president’s State of the College address, Councilman Murray said, showed ambitious expansion plans, and he was encouraged that they will continue to expand the local campus.

Councilman McFee said that at the Northern Regional Plan Implementation Committee meeting, they had discussed and supported the JLUS (Joint Land Use) plans from their previous meeting. The LCOG has been instructed to implement the JLUS plan, not just set it on a shelf, which is “a very positive federal movement” in regard to the plan’s implementation. Councilman McFee said there was commentary about “the additional landing under contract for government purchase, which is the Trask property that surrounds the commerce park that we own as a city,” and that is being negotiated.

MAYOR’S REPORT

There are outstanding issues, Mayor Keyserling said, that have been tabled, such as short-term rentals and the noise ordinance. He said the hotel and restaurant association would like six months to try to fix the problems with noise in the nighttime music district. Also, Mayor Keyserling said, there are ongoing legal issues that council should be briefed on about the fire district, a matter that is in court now, so a meeting should be planned with the city attorney.

There being no further business to come before council, **Councilman O’Kelley made a motion to adjourn the meeting. Councilman Murray seconded. The motion passed unanimously,** and the meeting adjourned at 8:34 p.m.