

A work session of the Beaufort City Council was held on May 17, 2016 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Councilmen Mike McFee, Phil Cromer, George O'Kelley, 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 work session to order at 5:02 p.m.

PRESENTATIONS: FY 2017 BUDGET

PUBLIC WORKS

Lamar Taylor read his department's mission statement and listed the departments that fall under Public Works. He enumerated the department's recent accomplishments, then those of the streets department, which included obtaining CTC funding for sidewalk replacement on Southside Boulevard; they were also replaced in areas in Mossy Oaks and downtown. Mr. Taylor showed photos of this and other projects.

Mr. Taylor said the parks department maintains 26 parks, open areas, and easements, and has done a variety of repairs and maintenance in Waterfront Park, including adding plant beds to "bring the shine back" to the park. In the traffic control department, Mr. Taylor described various types of maintenance and installations that were performed. In the fleet and vehicle maintenance department, equipment was brought up to operating standards, and a rolling stock and equip schedule was created.

Mr. Taylor said five new buildings have been taken into the department in 2017. He described a variety of activities at the municipal buildings, the Carnegie building's roof repair, window damage assessment there and at the Arsenal, and the new parking lot at 500 Carteret. The stormwater department has made progress with the city's drainage systems. Mr. Taylor described several specific projects that the department had taken on. He showed pictures of stormwater projects, then reported on the solid waste department.

Mr. Taylor then described recent goals that Public Works had been unable to achieve because of budget and staffing constraints, such as in-house construction projects, painting and power washing playground equipment, window replacement at the Carnegie and Arsenal buildings, a bobcat grader attachment, sinks in the Waterfront Park bathroom, and more.

Current performance initiatives include hiring a city engineer and a qualified mechanic, reviewing and updating the Public Works standard operating procedures, and improved communication with city staff, Mr. Taylor said. He then reviewed key goals and new initiatives for FY2017, which include implementing the Waterfront Park "sustainability initiatives," improving stormwater and drainage program and policies, repairing the day and dinghy docks, enhancing the city's parks and open spaces, including Southside Park, which will be done as

“time and money allow it,” and possibly contracting janitorial staff.

The requested Public Works budget is needed to achieve goals that include hiring part-time employees or park/summer maintenance and weekend work, a stormwater superintendent, additional facilities maintenance staff, and additional vehicles, a lowboy trailer and backhoe, a ditch witch, and rental of a man lift, Mr. Taylor said. The backhoe is a \$72,000 request, he told Councilman Murray. Public Works had borrowed or rented one about six times in the past year and hired contractors who had one of their own perhaps 12 times.

Mr. Taylor said budget increases are because of the need to hire additional personnel due to of city growth, capital purchases to “maximize efficiency,” and increased facility maintenance, because “five buildings have been added,” and because the municipal buildings require an in-house fire suppression monitoring system and a software monitoring system for the HVAC.

There was a general discussion of city maintenance of state roads and sidewalks. Councilman Cromer discussed putting the state “on notice” about hazards on state property, in the event that someone is hurt and there’s a lawsuit.

The downtown video cameras’ locations have been determined, Mr. Prokop said; they may be installed in the next month. Councilman Murray asked about “the debt service,” and Ms. Todd said that is for Waterfront Park debt. Councilman Murray said “FY2016 Estimated Actual” should be “FY2017 Requested.” Mr. Prokop said the operating cost of all of the city’s street lights and traffic signals is \$400,000 a year.

Mr. Taylor concluded with a review of the customer service initiatives for Public Works in FY2017.

FINANCE DEPARTMENT

Kathy Todd read the finance department’s mission statement and enumerated the department’s recent accomplishments and awards, and the performance measurements used to track them. Financial constraints caused a delay in addressing some critical information technology issues, she said. Ms. Todd described the finance department’s current performance initiatives and key goals and initiatives for FY2017, which include purchase and installation of network infrastructure and quarterly systems training. The bump in the department’s requested and recommended budgets was due to technical infrastructure upgrades, she said. Major increases were due to salaries, implementation costs for human resources/payroll system enhancements, and technical enhancements and upgrades.

Councilman Murray asked Ms. Todd “your threshold of capital for purchases.” Ms. Todd said it’s \$5,000, “but we don’t have any values right now on all of that,” so that’s estimated for now. Councilman Murray asked why there was a \$30,000 increase in personnel, but approximately a \$14,000 decrease in benefits. Ms. Todd said that was the result of the practice of budgeting for the highest amount for benefits when there’s a vacancy, then when someone is hired, having “your actual benefits,” which are less than the highest/budgeted-for amount. Ms. Todd then

reviewed customer service initiatives in the new fiscal year.

OTHER ADMINISTRATIVE DEPARTMENTS

Mr. Prokop read the mission statement for city council, the city manager, and the human resources department. Ms. Todd and **Ivette Burgess** read the recent performance accomplishments in these departments, and Mr. Prokop reviewed the performance measurements that are used to track them.

While staffing meets current needs, Mr. Prokop said, new initiatives will mean that personnel will experience additional burdens. He complimented the department heads, who each do “two or three functions.” They need to address economic development opportunities, he said, and there will be a transition to “performance management.”

Mr. Prokop noted current performance initiatives for city council, including annexations, business license ordinance amendments, job creation and economic development, and the possible parking facility. For the city manager, these initiatives include follow-up on redevelopment opportunities, leadership and oversight of “organizational goals,” and the establishment of a 3-pronged approach to contract management, he said. For human resources, Ms. Burgess listed current performance initiatives.

Mr. Prokop read the goals and initiatives for the new fiscal year, for council, which include “balance tourism with hometown,” improved relationships with educational institutions and the military, and creation of jobs and higher wages. For the city manager, Mr. Prokop said, goals and initiatives include oversight of the budget and goals established for the city as a whole, and participation in redevelopment and economic development. Ms. Burgess said for human resources, goals and initiatives include implementing the performance review system, revision and distribution of the employee handbook, and improving internal communications.

Ms. Todd reviewed “non-department expenditures”; city council’s requested and recommended budgets are the same. The city manager’s department expenditures have increased because part of **Linda Roper**’s salary and benefits is included in the city manager’s budget, Mr. Prokop said. The budget for human resources is up somewhat because Ms. Burgess said her salary is split between human resources and the city manager’s budget.

Mr. Prokop said salary “increases based on performance will start in July 2017 for FY2018.” They are transitioning away from COLA (cost-of-living adjustment) increases, and doing performance-based increases based on meeting standards that are being put together at this time. There will be adjustments to the “longevity program,” he said, and longevity will not lead to an automatic increase as it has in the past.

STATE ACCOMMODATIONS TAX BUDGET

Ms. Todd read the mission statement for the state ATAX and described recent performance accomplishments. Fund balance remaining from prior years meant \$533,624 was distributed in grants for “programs and events that enhance and support tourist-related activities.” She

described the amounts for police salaries and benefits, downtown security cameras, the USCB performing arts center, and Spanish Moss Trail maintenance, which totaled \$276,325. The balance – \$247,299 – was awarded to groups for “tourist-related events and marketing” outside of a 50-mile radius of the city.

According to a 2014 survey conducted by USCB, Ms. Todd said, the ratio of tourists to residents in Beaufort and Port Royal is 21:1, so the city will “continue to allocate a portion” of the police department’s salaries and benefits “in support of tourism-related activities affecting the city.” This year, that allocation from ATAX will represent 2.59% of the police department’s salaries and benefits, she said, which is “less than what was requested” for that purpose last year. Mr. Prokop said it’s a reduction of approximately .75%. Councilman Murray said that the previous year there are had been a large fund balance to be spent.

Mayor Keyserling said according to various newspapers he’s read from around the state, “the debate is going on everywhere” about “the balance between money that’s actually spent on facilities or services related to tourists versus the amount that’s spent on marketing.” He asked Ms. Todd if the municipal association (MASC) had done a study about this. Ms. Todd said MASC has not published anything that she was aware of. The state’s Parks & Tourism department, which oversees TDAC, has “some revenue rulings” on the state law.

Mayor Keyserling said he has heard that the county is “going to dump . . . three years of money into the Spanish Moss Trail out of ATAX dollars,” which amounts to \$750,000. He believes “this will be an issue again this year,” so he’d like to know, “the ratio . . . by municipality.” Ms. Todd said, “Not all cities can use the state accommodations fund for those facilities. You have to be designated a high-volume tourist county . . . There’s a threshold in the state law that has to be met.” Mayor Keyserling said, “Charleston spends a lot (of its accommodations tax funds) on police and services.”

Mr. Prokop said the City of Beaufort “reduced our allocation” of the accommodations tax this year, though “we could have kept it the same,” and could have budgeted for window replacement on buildings the city owns, for example, but “we knew the fund balance this year wasn’t as high” as last year. Mr. Prokop said, “Last year was the first time we did it, but it’s a legitimate . . . allowable expense.”

Councilman Cromer asked if “we have a reconstituted TDAC.” Mayor Keyserling discussed the city’s subsidizing of the visitors’ center at the Arsenal, for which the city receives \$1 a year: “We don’t really allocate the rent we’re donating to them,” he said, and the city could be taxed by the assessor for that and the Carnegie building. He suggested “from an accounting point of view, maybe we ought to better understand that.” Councilman Murray said the city is required to pay for “any maintenance items over \$1000.” Mayor Keyserling suggested “maybe we ought to put in for money for (the buildings’) rent” from ATAX funds because “we’re giving them money out of (the city’s) General Fund.”

Ms. Todd said historically, looking at the allocation for the DMO (designated marketing

organization), with the exception of the bump in FY2015 “that went toward tourism grants, it’s been pretty steady, and actually has increased, so even though we’ve have added some operational components in support of tourism-related activities to absorb some of the burden that it places on the city, the tourism grants have not suffered . . . and neither has the DMO.” Councilman Murray said council’s “job is to find the balance in investing in tourism . . . product and . . . the marketing side.” The DMO is getting \$30,000 more in FY2017 than in FY2016 to market Beaufort, he said, which is “appropriate” because “the fund is growing.” He said, “I feel like we were absolutely justified in our shift” in how ATAX funds were used in the previous budget. He feels that people who don’t feel safe coming to Beaufort won’t come to the city, so “using some of these funds for the police department is actually justified. It is in the legislation and something that we had a responsibility to do.”

Councilman Cromer said “This . . . begs the question: TDAC and these committees, are we educating them on the law? Do they go through some kind of training or something, or do we just appoint these people and let them decide?” He said last year that there was “conflict” because the TDAC chair didn’t “really (understand) what the law said, what we are allowed to do.”

Mayor Keyserling said that “after last year, so we don’t get into that, maybe we do a workshop” for TDAC members. He asked if that was “inappropriate” since the city is “competing for their votes.” Mr. Prokop said instead of a city-led workshop, MASC or the Department of Revenue might have an “orientation” with the committee to say, “This is what you’re looking for. It shouldn’t be a workshop of us telling them ‘Here’s what you can do with our money.’” Mayor Keyserling agreed that would be “a little awkward.” Councilman Cromer suggested TDAC could be given a “booklet (about) the state law” as it applies to ATAX and told, “Here’s . . . your marching orders from the state.”

A general discussion about TDAC followed. Councilman Murray said he expects “this year will not be as controversial as last year was,” because there was a “large fund balance,” and it was the first year the city took “a new direction” and budgeted accommodations tax funds for city projects. Ms. Todd said, “The state law also indicates that the committee makes recommendations to council, and council actually has final authority as to allocation” of funds. Councilman O’Kelley said TDAC has “to understand how to make those recommendations.” Councilman Cromer said, “They need to know the law.”

Ms. Burgess said the TDAC chairmen (**Chip Dinkins**, who was the chairman last year, and his predecessor, **Jeff Evans**) “both had the state accommodations tax packet.” The members of the committee have not gone through “extensive training” because they are appointed by council to TDAC “based on certain criteria” (e.g., they are restaurant and accommodations owners, or are “cultural” representatives) determined in state guidelines.

Mr. Prokop said that “based on the numbers we get from the Chamber of Commerce,” the city would be within the state’s ATAX guidelines “to ask for 4%” of the police department’s budget “for tourism-related activities,” but it did not. Ms. Todd said that was the “conservative”

estimate; “obviously, with a 21:1 ratio of tourists to residents, there is justification to do a much higher percentage than 2.59%, but . . . we wanted to be more equitable.” Councilman McFee said “It’s easily defensible.” Councilman Murray said the DMO receives local ATAX and hospitality tax funds “and generally a large percentage of the tourism grant.”

Mayor Keyserling said “a separate committee used to designate” HTAX money, but “they basically said, ‘We don’t want to do it anymore,’ so he “presume(s) . . . that money got split between the chamber and Main Street.” Now there is a new organization, Mayor Keyserling said – “the new lodging association” – that he believes will want to “reclaim (the HTAX) money as theirs.” Councilman Murray said, “They haven’t indicated that.” A general discussion of HTAX followed. Councilman Murray said that in other cities, they typically don’t ask for local government support “because it creates a conflict with their lobbying arm, for reform or pushing policy for the restaurant or lodging associations.” There’s a conflict because their mission is “to lobby on behalf of small businesses for business reform,” he said. Councilman McFee and Councilman Murray agreed that the hospitality association might apply for grants for events through ATAX.

There was a general discussion of the 21:1 ratio and the number of tourists who come to Beaufort. Councilman O’Kelley said it would be interesting to revisit the ratio, as “It might have grown.” Ms. Todd said, “My guess is it’s greater than that.” Councilman McFee explained how USCB collects data at events, including festivals and USCB performances. Ms. Todd discussed data she had seen about more than a million visitors to Hunting Island and whether they stop in Beaufort.

Councilman Murray asked about “the transfers out,” and Ms. Todd said, “By law \$25,000, plus 5% is an automatic transfer to the General Fund . . . that comes right off the top.” Councilman Murray said there would be \$5000 more released “this year in tourism grants than the previous year.”

REDEVELOPMENT FUND

Ms. Todd read the mission statement and detailed recent accomplishments of the fund, which included hiring a grant writer. \$1.1 million in grants have been applied for, which would require a \$102,000 match from the city. Only one small grant has been awarded so far, she said; whether three more grants will be awarded should be determined before the end of the fiscal year. They probably won’t hear about the remaining grants, Ms. Todd said, until after the first quarter of FY2017.

Ms. Roper detailed the recent accomplishments related to parking management, which included an increase in the number of monthly parkers, a change in enforcement times, a new discounted employee lot at 500 Carteret Street, and upward trends in revenues since July 1. Also, a parking facility consultant was hired, she said.

Ms. Todd said an economic development staffer had not been hired because of budget constraints, and there are not enough revenues to develop parking to meet current needs.

Redevelopment goals include infill in the Northwest Quadrant, she said. Parking management goals for FY 2016 include extending meters north of Craven Street, a “signage program” for parking spaces, exploring residential parking permits, and reconfiguration of the Marina parking lot.

There are no significant increases in the redevelopment budget, Ms. Todd said. The contract with Main Street Beaufort was terminated.

Erin Moody said per the state law, “the overall goal” of the accommodations tax is to “help to attract (tourists), to promote this area” to people “outside of this area,” but the discussion has been about the use of those funds to support the police department, building maintenance, etc. “I caution you,” Ms. Moody said, “against looking too far into how that money can be used for . . . operations because it can go to some greater purposes.” Mayor Keyserling said, “It’s always allowed a lot more than we have historically given (to city projects), and that was the surprise last year . . . we were exercising an option within the law to spend money on things the law allows us to spend on the support of tourism.”

Ms. Roper said there have been new contracts made with many of the city’s major vendors. There’s been “a transition” period, she said, but quarterly meetings and reviews have been a success. She said there are still small city contracts that she feels she has yet to see, so she feels it’s time for an audit, but overall it’s been “positive,” and “our vendors are very receptive.”

There being no further business to come before the council, the work session was adjourned at 7:10 p.m.

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 Murray, to enter into Executive Session for receipt of legal advice about fees. The motion passed unanimously.**

A special regular meeting of the Beaufort City Council was held on April 26, 2016 at 7:30 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.

Councilman O'Kelley made a motion, second by Councilman Cromer, to adjourn the Executive Session. The motion passed unanimously.

CALL TO ORDER

Mayor Keyserling called the special regular meeting to order at 7:30 p.m.

PRESENTATIONS: BOUNDARY STREET PRESENTATION GIVEN TO THE BEAUFORT COUNTY PUBLIC FACILITIES COMMITTEE ON MAY 16, 2016

Rob McFee showed a graphic of the scope of the Boundary Street project and enumerated its objectives. Preferred Materials in Savannah is the primary contractor, he said, and he showed the revised contract amount. Mr. McFee said there are four pending change orders related to the duct bank, "conduit on the boardwalk that's coming back to us," the turn light at Beaufort Town Center, and a "turbidity curtain."

There was a general discussion about water quality, run-off, and efforts related to waterways near the construction project. Councilman McFee said he had heard that the "long-term, final" project converts direct run-off "in the renovation of the roadway." Mr. McFee said the planted median reduces the size of the impervious footprint by 20%.

Mr. McFee reviewed funding sources for the Boundary Street project and a financial update as of March 31, 2016. He showed an image of the existing corridor at Robert Smalls Parkway with the overhead lines and then a version of what it would look like as "envisioned for the future." He showed a comparison at the intersection of Boundary Street and Hogarth. 70% of the materials that have been demolished because of the project have been recycled. Mr. McFee showed an image of a retaining wall that retains fill; the Boundary Street Plan engineers will need a wall like this, he said, to "build in that slope" in order not to encroach into Beaufort Plaza. Next, Mr. McFee showed a photo of a "duct bank stub-out" and explained how this equipment would work.

Councilman McFee asked Mr. McFee about the traffic monitoring system he had mentioned earlier in his presentation. Mr. McFee said they are "mounted microwave emitters" that improve the traffic system in various ways by detecting the traffic queues. They know how many vehicles are on the side and front streets, he said, and "they are able to talk with the signal system" and with one another to help with traffic during the construction on Boundary Street.

Councilman Cromer asked about the plan for Boundary Street during hurricane season. If a storm is coming in, Mr. McFee said, and a DOT team has determined that Beaufort is going to experience winds over 25–30 miles an hour, the contractors will be stopped, and equipment that could be airborne – like traffic cones – must be removed. He said two-way traffic for evacuation would be maintained.

Councilman Murray told Mr. McFee he hears a lot of concern from the public about raised medians and emergency vehicle access. Mr. McFee said emergency service providers were brought in for discussions before the Boundary Street project started, and they provided input. “The boardwalk doesn’t go all the way around,” for example, because police felt that an area by 16 Gates would be “too secluded,” Mr. McFee said, so now the path crosses to the other side of Boundary Street.

Another other issue for emergency service personnel was resolved by an at-grade turn around between Kmart and Hogarth, Mr. McFee said. They will also be able to develop plans to access emergencies by dispatching their personnel from different locations. Highways 802 and 278 have raised medians, too, he added. Many years ago, he said, there was great concern about the “erection of the cable barrier” on the interstate highways among the highway patrol, but its installation meant there were many fewer accidents for them to have to go to, because “it eliminates the crossover accident” almost entirely, so it was ultimately a benefit for the patrol, and Boundary Street will likely be the same way, Mr. McFee said.

Councilman McFee said people are looking at Boundary Street as it is today and think it will be the same way when the construction is finished. He added that “residents have to pull over for emergency vehicles by law,” too.

Councilman Cromer asked what vegetation would be planted on the medians. Mr. McFee said he doesn’t know. **David Coleman** said “cathedral oaks,” which he has read are “more friendly to a road.” Councilman Cromer asked about how the root system grows and said dropping leaves will create a maintenance issue. Councilman O’Kelley said the leaves will clog the storm drains, so “maybe there should be some rethinking” about putting non-leaf-dropping trees out there.

AUTHORIZING THE CITY MANAGER TO APPROVE A CONTRACT FOR THE PURCHASE OF PROPERTY AT 2242 BOUNDARY STREET FROM RIVER PICKERS, LLC

Councilman Murray made a motion, second by Councilman McFee, to authorize the city manager to approve this contract. Mayor Keyserling said River Pickers, LLC had gotten an appraisal, and so did the city; the city’s changed to \$550,000 and River Pickers’ went to \$625,000. The total net price is \$522,000, Mr. Prokop said. The seller has accepted the contract and is ready to close. The seller intends to be out by the end of August and can take equipment from the facility.

Councilman Murray said River Pickers is required to clean up the facility and to relocate in the City of Beaufort. The company’s long-term plans are to move their commercial operation to St. Helena, while their retail operation remains in Beaufort.

Councilman Cromer said he's philosophically opposed to this purchase because the project takes property off the tax rolls "when the City of Beaufort is in a pinch" financially. **The motion passed 4-1, Councilman Cromer opposed.**

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 8:08 p.m.