

A work session of the Beaufort City Council was held on March 12, 2013 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, George O'Kelley, Mike Sutton, and Mike McFee, and City Manager Scott Dadson.

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

The Mayor called the meeting to order at 5:00 p.m.

PARK BEAUFORT 3 YEAR OVERVIEW

Scott Diggs, Executive Vice President of Lanier Parking, made a presentation about the parking program in Beaufort. A revenue comparison showed an annual increase in revenue after the first year from what was budgeted. In regard to expenses, they stayed within their operating budget except for being slightly over in 2012. From a net revenue perspective, he said the second year generated \$164,000 and third year was \$152,500. Mr. Diggs said most municipalities have similar sources of revenue, but in Beaufort, there is more compliance, so violations are not a third of revenue.

The Lanier 8-hour pass parking rate is \$35, whereas in the private lots it costs \$50, Mr. Diggs said. He said that the city could generate \$10,000 more revenue if the cost were \$45 a month; there are currently 10 people on the waiting list for a pass, **Lundy Baker** said.

Pay station revenue went down, but Mr. Diggs said this is because of moving the pay stations off of Bay Street. When people couldn't pay for parking on Bay with a credit card, it caused a slight decline in that revenue. Violation revenue has increased four-fold from 2010 to 2012. 66% of tickets written are for expired meters.

Mayor Keyserling asked about the number of unpaid tickets. Councilman Sutton said the inability to collect fines could be a missed opportunity. If habitual offenders have been eliminated, that's great, but if they just can't be caught, that's different. Mr. Baker agreed that the problem is local habitual offenders, and the revenue has increased some since the police have allowed them to boot. There's no enforcement on the books, though, so they can't boot them unless the offender is downtown. Councilman O'Kelley suggested that the police could do something for enforcement elsewhere in the city.

Mayor Keyserling said one of the anticipations was that collections would be higher. Mr. Diggs said he would get some better statistics to council. They also are working on ways to improve out-of state-enforcement, he added.

Mr. Diggs said he is very proud of the work that employees have done as ambassadors and to help in the community. It's critical to extend the life of equipment as much as possible, Mr.

Diggs continued. They diagnose the equipment daily, the pay stations can send texts when there's a problem, and they do a month-end equipment maintenance check.

There are 169 on-street meters, currently, Mr. Diggs said. The older equipment is out in the further reaches. New meters will need to be invested in soon. It's possible that they can install a ten-space pilot program for an IPS "Smart Meter." It processes credit cards as well as coins and bills. In Myrtle Beach, this meter outperformed even the digital pay stations, Mr. Diggs said. It's easy to use and is powered by a solar panel. This takes down repair and maintenance costs. It "costs just south of \$600," he said, but the current replacement version is \$450. Its downside is that it costs money per month to operate. It does real-time credit card processing; IPS is willing to do a pilot program to determine if it makes sense financially. Mr. Diggs said it will net more money than current meters are netting, if the numbers they have run are correct. These can also decrease violations because of the convenience of the meters.

Mr. Diggs discussed Parkmobile, which allows payment with a smart phone when there's a Parkmobile sign. The cell phone will go off if the meter is about to expire and allow the parkers to add more time through their phones. 38% of cash acceptance so far has been generated with credit cards, which Mr. Diggs said indicates a demand for credit card use at meters in Beaufort.

They will be upgrading numbered spaces and lines at the marina and any needed on-street space numbers. The core area in need of replacement is 72 meters; that should be done "sooner rather than later," Mr. Diggs said.

Mayor Keyserling said the city's business is parking "turnover, not making money." Mr. Dadson said the real net on parking was \$152,000 last year and it goes to replace and repair equipment, and profit-sharing between Main Street Beaufort and the Redevelopment Commission. Mr. Dadson said the goal is a 15% vacancy rate.

Mr. Baker said the rate up to 4:00 p.m. each day is about 2 hours per parking person. At 4:00 p.m., when employees in the restaurants come downtown, they pay \$2 and park until the meters stop charging. **LaNelle Fabian** asked how many times a day a space turns over, and Mr. Baker said 3.

Mayor Keyserling asked what it would cost to enforce without meters and keep that turnover rate using chalk, ticket writing, and collection. Mayor Keyserling asked if it would pay for itself. Mr. Dadson said there would be no revenue to pay for that system; only the penalties would pay for it. Mayor Keyserling said penalties could cover it, and the merchants who want free parking could create a pro forma district and pay for it. He said he's still interested in looking at the options. He said "most reasonable people understand the importance of turnover." Merchants could pay to enforce parking, or their customers could in the costs merchants passed on, so merchants could have both turnover *and* free parking.

Mr. Dadson said it's good to have a parking problem. He added that in Asheville, his wife paid for downtown parking but got a token with a purchase from a merchant and was reimbursed for what had been paid by putting the token in the machine. Councilman O'Kelley said Charleston does that on stores behind King Street, and there has to be a person at a gate to hand it to.

Ms. Fabian said that merchants initially took advantage of the lot that is a couple blocks away from Bay Street on Port Republic Square, but they don't now because merchants don't like it, though some employees still do. They have looked at token programs, but it's been a complicated process. Main Street Beaufort wants to have tokens available for downtown merchants to give to their customers. Councilman Sutton said he feels that tokens should be through a Park Beaufort distribution process.

Mayor Keyserling said people feel that they should not have to pay to park at the library, but Friends of the Library could develop a parking system for their members. Other groups with members should have the ability to have a system that works for those members, he added. Mr. Diggs said the vast majority of people care more about convenience than about the \$1 or \$2 it will cost them. If employees park near businesses, customers can't park as close as they want to, and they might not be customers.

Councilwoman Beer said people park in the street in The Point, and then there's no place for residents to park. Councilman Sutton said residents should have on-site parking there, but some people landscape their driveways and then want to park in the street. Mr. Dadson said there was a discussion of residential parking permits at one time and the residents rejected them. Councilman O'Kelley compared Beaufort's and Charleston's residential parking. He said he advocates free parking. Mayor Keyserling joked that council is waiting for him to present a plan. Councilman O'Kelley offered an idea similar to what Mayor Keyserling had suggested. He said people have been chased away from downtown because of parking. Councilwoman Beer said she'd explained to someone who had complained to her about parking on The Point that there was an offer of residential parking passes, but there was not unanimous interest, so there's not a solution at this time.

Councilman Sutton said if they could do free parking, he would agree, but he feels the merchants will still complain. Councilman O'Kelley said the employees need to park off to Bay Street, ideally.

Mayor Keyserling said he feels that Beaufort does not have the parking problem it had five years ago, and that could be because it's managed now, and there's better turnover as opposed to people not coming downtown anymore. He thinks that fewer people not going downtown may be because of prices and because of the retail mix in downtown shops.

Ms. Fabian said that she thinks that Mayor Keyserling saying that it's about turnover is important because there's a public perception that it's about the money, and people need to

hear that it's about turnover. Mayor Keyserling said it "costs more money to drive turnover," which didn't happen when the meters were 50 cents and only checked once a day. Councilman Sutton said that the police used to enforce parking, which meant they weren't doing more important things. They need turnover to make the merchants' system work. Beaufort has a long history of empty store fronts, but this year is better than it's been in a long time.

Councilman O'Kelley said in the 70s and 80s Bay Street "was full and bustling." Mayor Keyserling said the nature of the businesses has changed, which is why that's not so now. Ms. Fabian said that the perception is different than the truth, which is that it's all about turnover. She said the presentation they had just seen "was about increasing revenue and making more money." Councilman Sutton said that's because it is a business that is paid to do that by the city. Mayor Keyserling said "the irony is that it's not money for the sake of money but the tipping point of what people will pay for a fine."

Ms. Fabian asked why the spaces are numbered in the marina. Mr. Baker said so that they can write a citation with a number for use in the legal system, should it come to that.

COMMUNICATION PLAN

Mr. Dadson said from the retreat notes, some of the things council wanted to do were about communication. They have worked since the retreat and developed a communication plan. There are internal and an external objectives. Sharing hot button issues among staff will allow everyone to direct interested parties to the right place.

John Williams said easily accessible information should be made available to the public as well as the more complex information. They are making a brochure about the civic master plan for use when groups are addressed. They will also have a Power Point available for when presentations are made. Anyone who wants more information than that can go to the web site. A key facts sheet and a short video for WHHI and other venues will be made. Staff training will familiarize all employees with the civic master plan. Media support and relations are ongoing, Mr. Williams said. They want "to tackle social media more aggressively" to get the city's message across.

Mr. Williams said "nothing beat face-to-face meetings with council and staff". The neighborhood improvement teams are a great asset, he said. Parking has been an issue since 1932, and the city has spent a long time talking about it; his goal is "to open it up and share the information" they have.

Mayor Keyserling said they haven't yet been able to communicate what it is that they are trying to do; he tells people that they "are trying to put Beaufort back together again." He said, of the critics – most of whom don't live in the city – most don't know that Beaufort used to be "a functioning little city" with a downtown that had everything people needed, bike riding on Ribaut, and could fill empty space with things people wanted.

Mr. Dadson said they had discussed “good and bad words,” i.e., replacing “urban” with “town-scale.” The next level is a bottom-up approach to fill empty space and “regenerate the core city over time with targeted investments.” The CIP is targeted against the civic master plan, Mr. Dadson said.

Mayor Keyserling said The Castle had three families in it at one time. There was a lumber yard downtown at one point, but all of these things that once made the city work are now considered “blasphemous” to some. Councilman Sutton said they forget to talk about *why* they are doing what they’re doing. It has to be studied neighborhood by neighborhood. Mayor Keyserling said they “didn’t pick up stuff that’s gone. They picked up what’s here now.” Councilman Sutton said mapping out the sewer and water taps in the city will indicate that a vacant lot was once a house. Councilman O’Kelley said zoning doesn’t allow the lots to be what they were when the small city worked.

Mayor Keyserling said they and others need to be educated about what they are doing to put the city back together again. Councilman O’Kelley said Pruitt’s Grocery is still there as a non-conforming use. Councilman Sutton said that’s the final generation of that neighborhood grocery unless the vibrancy of the neighborhood improves. Mayor Keyserling said there were once little stores all over Beaufort where people could get what they wanted. Mr. Dadson said “studies to date have been clear about rooftops and walkability.”

Mayor Keyserling said that Councilman Sutton is right that they (council) are so close to the matter, and they need to back away; they “shouldn’t be defensive if what they want is for the town to work like it did in the past.” Mayor Keyserling said there are archival photos of Beaufort when it was vibrant. Councilwoman Beer said there are a lot of new people who don’t know what Beaufort was.

Maxine Lutz said she agrees with Mayor Keyserling but “the good ol’ days” might not have been as good as they’re remembered to have been. Mayor Keyserling said Hendricks’ Furniture Store was run-down but served a purpose, and now it’s a parking lot. He agreed that the city wasn’t great for everyone in the past, but “it was a more functioning town then.” Councilman Sutton said they “need to hold the line on the work they have done and get the word out.” Training staff about how passionate council is about this is important.

Councilwoman Beer said the beautiful drawings of the big buildings from the Office of Civic Investment are “overwhelming” to people and “don’t look like Beaufort.” Councilman Sutton said that in some areas there may be bigger buildings. The waterfront could have them because of the price of real estate. Councilman Sutton said he thinks the incremental approach is right, and he agreed that the drawings can be frightening to people. Mr. Dadson said that council needs to be able to put things into context and “people will be told that ‘this is what could potentially be.’” The language needs to be gotten right for those people who have concerns.

REVENUES: BUSINESS LICENSE AND PROPERTY TAX BASED ON REASSESSMENT ESTIMATES

Kathy Todd said that council was given four documents: The three appendices are components of the model business license ordinance that the Municipal Association had posted. The city's information was inserted into the model ordinance, and that's appendix A. Appendices B and C are the same data that is sorted differently. Business license officials are supposed to classify businesses by these appendices.

Ms. Todd made a presentation which she stressed is for information only; no recommendations were made, and the early estimates were made by the county tax assessor. Final data will be available after county officials have reviewed it, and then the county and school board will determine their millage rates. She said she would present scenarios based on **Ed Hughes's** data.

Ms. Todd showed business license rates and explained how to use the chart in correlation with the appendices. She offered historical perspective on business license activity. Business license revenues are collected by the city and by the MASC on the city's behalf: brokers' tax, insurance tax, etc. She went on to show business license revenues detailed by rate class.

Mayor Keyserling asked about the rate class 7; Ms. Todd said it is professional services and rental properties. She showed the current operating and debt mills. She showed the taxable assessed value which is \$73 million, and the total property tax billed would be \$4.4 million. \$3.3 million would be used for operating expenses and \$1.15 million for debt. There's a gap of \$226,000 in the debt obligation. According to state law, Ms. Todd said, the restrictions on the millage rate increases don't apply to the millage levied to pay bonded indebtedness for payments for real property purchased using a lease-purchase agreement or used to maintain a reserve account.

In regard to millage rate increase limitations, Ms. Todd said that by state law a municipality can only increase the millage for operating purposes; the restriction is tied to the consumer price index for the last 12 months. The Office of Research and Statistics annually sends a letter that shows the percentage that the state law allows the mill rate to increase. Every 5 years, the county can appraise and equalize the real property in their jurisdiction. She explained what happens when an assessment is implemented. Mr. Hughes will complete his assessment in early April and the city has to take the current revenue by the new assessed value to determine the cap and the millage. She explained how prior property tax revenues are calculated.

Ms. Todd said in 2006 there was an amendment that limited the increase in the value of properties. In regard to reassessment, Ms. Todd said the county obtained an Attorney General's opinion because they wanted a specific question answered in regard to a mill rate calculation. The attorney general determined that the rollback provisions were enacted to protect taxpayers from higher values and the legislature wanted to stabilize tax bills in order to provide municipalities with a consistent revenue stream.

Ms. Todd said this is the first time in history a roll forward is being discussed. She ran scenarios of General Fund millage rate options in a reassessment year. All scenarios had in common that

the estimated decrease in taxable assessed value for the city is -5.62. Real property decreased from \$61 million to about \$58 million. Personal property will remain stagnant.

Ms. Todd showed a scenario with no roll forward. The estimated property tax revenue would be \$4.2 million. There would be a gap in the debt obligation and what they would get if they did not roll forward as well as a shortfall in operational revenues. Another scenario, with no roll forward but an increase in debt mill, leaves the city with a minor gap in the debt obligation and an estimated revenue increase of \$31,693. Councilman O'Kelley asked if Ms. Todd had done a comparison of these scenarios with what the homeowner could expect in the way of an increase, and Ms. Todd said she will be discussing that in her presentation.

With a full roll forward in operating millage with no change in the debt millage, Ms. Todd said the property tax billed would be \$4.4 million and then a gap in the debt obligation of \$277,315 and an operating shortfall of \$256. Mr. Dadson explained that the city has less of a gap to make up than the county does. If the county did nothing, or does the roll forward, the City of Beaufort will still be faced with this issue and it will be in the TIF. Mayor Keyserling added that the property owners would experience that as well, and Ms. Todd agreed.

Ms. Todd presented another scenario with a full roll forward in operating millage and in increase in the debt millage with no gap in debt obligation and the initial operating revenue shortfall. It looks like revenue neutrality, she said, but "that may be a misnomer." Mayor Keyserling said this will not have an impact next year for the 4% and 6%. They get hit hardest in the schools, which, Ms. Todd said, is set by the county. The final scenario was with no roll forward in the operating millage and CPI applied and increased debt millage. The gap in the debt obligation would be approx \$300 and the initial operating revenue has a \$118,000 shortfall.

Ms. Todd presented some disclaimers on her presentation's information. The roll forward calculation can materially change until the millage is set in August 2013, Ms. Todd said. Achieving revenue neutrality is not expected; they won't recover revenue through the reassessment process because property tax appeals are anticipated to be high. The roll forward or roll back is not considered a tax increase or decrease by law, Ms. Todd said. If the taxable assessed value decreased by 25% average, there would be a decrease in property tax.

Councilman McFee said "if the bar moved negatively, you see a decrease" in property value, and "if the increase isn't as bad, the hit will be in property taxes." Ms. Todd showed the factors involved in the impact of roll forward options related to TIF 2 that are outside the control of the city. She showed current assessed values in the TIF 2 district, and the estimated values based on the tax assessor's forecast; this represents a 7.7% decrease in property values. Ms. Todd said if there's no roll forward, for "all taxing districts" the property tax on the increment would mean a drop in TIF 2 revenues of \$233,000. If there's a full roll forward, there would be a decrease in property tax revenue of \$9811.

There being no further business, the meeting adjourned at 6:59 p.m.

A regular meeting of the Beaufort City Council was held on March 7, 2013 at 7:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, George O'Kelley, Mike Sutton, Mike McFee, and City Manager Scott Dadson.

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

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

INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was led by Councilwoman Beer, and the Pledge of Allegiance was led by the mayor.

PROCLAMATION OF MARCH AS DISABILITIES MONTH

Councilwoman Beer made a motion, second by Councilman Sutton to approve the proclamation. Councilwoman Beer read the proclamation and Mayor Keyserling presented it.

PROCLAMATION OF MARCH AS AMERICAN RED CROSS MONTH

Councilman McFee made a motion, second by Councilwoman Beer to approve the proclamation. The motion passed unanimously. Councilwoman Beer read the proclamation and Mayor Keyserling presented it.

PUBLIC COMMENT

Mayor Keyserling recognized Team Beaufort Olympic Weightlifting and its coach, **Ray Jones**. Two of the weightlifters, Omar and his brother CJ, will represent the US in the Youth World Team in Uzbekistan in April. **Susan DeLoach** and Mr. Jones showed a Power Point presentation on Team Beaufort which included some of the press the group has received and video of two of the team in competition. **DeWitt Helm** said that the group is a 501c3 corporation and donations are tax deductible.

MINUTES

The minutes of the regular meeting and work session on February 27, 2013 were presented to council for review. **Councilwoman Beer made a motion, second by Councilman McFee, to approve the minutes as submitted. The motion passed unanimously.**

RESOLUTION AUTHORIZING CITY MANAGER TO REQUEST THE REMOVAL OF INLET ROAD FROM THE SCDOT SYSTEM

Councilwoman Beer made a motion, second by Councilman O'Kelley, to approve the resolution. The city attorney and Mr. Dadson had reviewed the resolution, Mr. Dadson said. **David Tedder** said that in regard to the new Publix on Lady's Island, Inlet Road is an old state road and will be incorporated into the site for the store. To get to final permitting and approval,

the property, which is in the county, has to be annexed into the city. The state has no use for the road and will abandon it to the city and work through access management planning. When the city owns it, they can rezone it, Mr. Tedder said. The property owners to the east of the road have signed a petition in support of private maintenance so the public doesn't have to support the road. When the final easement agreements are presented, Mr. Tedder said, and they have closed on the property, the resolution to authorize Mr. Dadson to send the letter requesting abandonment will be sent to SCDOT. They believe SCDOT will accept abandonment. They want to ensure that council is on board.

Councilman Sutton asked how Publix would have an entrance to the property off Lady's Island Drive. Mr. Tedder said there's an entrance off Ferry Road; a portion of the road up Lady's Island Road has a right-in right-out, too. **The motion passed unanimously.**

RESOLUTION AUTHORIZING REVISIONS OF BEAUFORT/PORT ROYAL FUTURE SERVICE DELIVERY AREAS AGREEMENT MAP

Councilwoman Beer made a motion, second by Councilman McFee, to approve the resolution. Libby Anderson said that in 1999 the City of Beaufort and the Town of Port Royal entered into a future service delivery agreement. The agreement set out areas where the Town of Port Royal and the City of Beaufort might annex and provide services. The annexation boundaries were determined on water and sewer systems, which the municipalities no longer deliver. Two parcels in the city's growth area were moved to the town's growth area.

Now the Town of Port Royal has asked for several parcels to be moved into the town's limits from the city's limits, Ms. Anderson said. The property owner's request was heard in a council workshop, and the MPC had a workshop with staff and reviewed current boundaries, "which no longer made sense," she said. They used two criteria: efficient delivery of public services that they *do* provide and the opportunities for annexation. Ms. Anderson demonstrated the trade that was made on an overhead map. The city and town would approve a revised map. The city's path is a little easier than the town's, Ms. Anderson said, and involves the resolution now before council.

Councilman Sutton said the petition by a single business "caught (him) by surprise." At the regional planning commission and the MPC, it was discussed at length, and there is a need to change the lines. The county is coming to grips with the idea that the land that is contiguous to the municipalities will one day be in a municipality. He feels it's important for the municipalities' growth to have commercial growth. **The motion passed unanimously.**

REQUEST FOR CO-SPONSORSHIP FROM HOPE HAVEN FOR THE EVENT TAKE BACK THE NIGHT

Councilwoman Beer made a motion, second by Councilman Sutton to approve the request for the April 12, 2013 event in Waterfront Park. Mayor Keyserling said that staff recommends it, and he is the one who suggested it be moved to the park. **The motion passed unanimously.**

REQUEST FOR CO-SPONSORSHIP FROM THE WATERFESTIVAL FOR THE BOCCE TOURNAMENT

Councilwoman Beer made a motion, second by Councilman McFee to approve the request slated for June 8, 2013 in Waterfront Park. Mayor Keyserling said staff also recommends this. Councilman O'Kelley asked what Green #2 is, and he was told that it is the center green. **Brandy Gray** said that they would like to use that space and have the city provide sponsorship in-kind. Councilman McFee said it's not a fenced area.

Councilman Sutton said the application process for co-sponsorship was generated 4-5 years ago when council tried to come up with parameters for not overusing the park. Ms. Gray said they needed to free up space in order to partner with Dragon Boat Beaufort on the first Saturday for its race team and spectators. There are a lot of people participating in bocce, Ms. Gray said. Councilman Sutton asked if the park is suitable for bocce, and Ms. Gray said she hopes so, and most people who want to play want to do so downtown on the green. They will bring nothing major in, she said, and will have no impact on the footprint of the park. **The motion passed unanimously.**

APPOINTMENTS TO BOARDS AND COMMISSIONS

Councilman McFee made a motion, second by Councilman Sutton, to appoint Stephen Murray to the Redevelopment Commission. The motion passed unanimously.

Mr. Dadson said there's a missing appointment to the Beaufort Housing Authority from the Town of Hilton Head. **Councilwoman Beer made a motion, second by Councilman McFee, to appoint Earnest S. White. The motion passed unanimously.**

REPORTS BY COUNCIL MEMBERS

Councilman McFee shared that he had spent the weekend in Savannah. There was parking charged for on every corner, and most venues paid for parking, including his hotel, and fed the meters for customers.

Councilman O'Kelley reminded everyone to vote March 19.

ADJOURNMENT

There being no further business to come before City Council, **Councilwoman Beer made a motion to adjourn, seconded by Councilman McFee. The motion was approved unanimously,** and the meeting was adjourned at 7:53 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK