

A work session of the Beaufort City Council was held on October 6, 2009 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Council members Donnie Ann Beer, Gary B. Fordham, Mike Sutton, Mike Sutton, 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 5:04 p.m.

DISCUSSION ON PROPOSED TEXT AMENDMENT SECTION 5.1 OF THE UDO TO PERMIT INDOOR ENTERTAINMENT IN THE LIMITED INDUSTRIAL DISTRICT BY SPECIAL EXCEPTION

Libby Anderson showed maps of the 4 areas in the city that have limited industrial zoning. The largest is off Burton Hill Road. The other areas are along the railroad right-of-way near Depot Road; off Baggett Street; and north, near MCAS, off Laurel Bay Road. The text amendment under discussion changes the permitted uses of the area. They're proposing to change the table to make these areas Indoor Entertainment. You couldn't get a permit; you would have to go to ZBOA and request special permission. This allows staff, city, and ZBOA control over the uses of the area. This will be done in a public process during a public hearing and allows public input. The category gives examples of uses, i.e., indoor athletic facilities. An older version of the ordinance says restaurants are permitted, but that's not permitted in limited industrial. It does say a bowling alley that serves food could be there, but not a stand-alone restaurant.

Councilman Fordham asked what Indoor Entertainment has to do with Limited Industrial? Ms. Anderson said it's the characteristics of the building and the sites that might be appropriate for indoor use. They have high ceilings for a gym, for example, and these exist in an industrial area. Also those kinds of buildings have some age on them and can be difficult to re-use. Councilman Fordham said he's heard politicians and lawyers "with forked tongues," and he doesn't understand the matter still. He doesn't believe that these things are allowed in the UDO. Mayor Keyserling said he can think of 8 buildings that are in those areas that, as a former realtor, he knows their renters are few and far between. Manufacturers don't want to go into a residential neighborhood.

Councilman Sutton said he's been researching the UDO. Indoor entertainment is within the "entertainment" category in the UDO. Under "exceptions," it says buildings less than 20,000 square feet fall into the category of "retail use." He asked her if this was accurate. Ms. Anderson said that it only applies if the use was an exhibition hall or meeting facility. Mayor Keyserling asked if it could be used as a showroom. Ms. Anderson said an exhibition hall *under* 20,000 square feet is classified as "Retail"; *larger* than that is Indoor Entertainment. A designation of Neighborhood Commercial is based on the building's footprint; it's small scale, like a boutique-sized retailer.

Councilman Sutton said this is a matter of what's in the city's best interest. He said everyone needed to consider "Where are we trying to go with this?" There are dead light industrial zones that could be "infilled," but there's a huge impact when that's done. Changing uses changes traffic patterns. How does this affect the various neighborhoods? Councilwoman Beer recalled that years ago council tried to rezone from light industrial in the Depot Road area and residents didn't want it. Ms. Anderson said she thought that was a particular developer. Mayor Keyserling asked for input from public, asking them to

realize that the effect is on 4 parts of the city, not just one neighborhood. Ms. Anderson said there has been no formal application made, just two inquiries. Special exception process seemed to offer the most control.

Angela Hegstrom said that she recently got her reassessment, and she believes industrial properties are taxed at the highest rate. Light industrial isn't supposed to generate general public customers; those businesses go out from their buildings and service the city. In the Depot Rd. area, it's been functioning for the 15 years that she's lived there. Some businesses are gone but most are in use, and the city is earning those taxes. Those businesses already there are entitled to limited retail sales. More appropriate buildings might be available in other areas of the city with higher rents than in her neighborhood. This rezoning seems like an extreme difference to her in terms of traffic. Mayor Keyserling asked her how she'd feel if the Bull Street access were closed and there was access from Depot Road. Ms. Hegstrom said she'd still object. Even the business park would be a good place for indoor entertainment. She asked Ms. Anderson if there's a requirement by law to notify adjoining property owners of an exception, and Ms. Anderson said no.

Burt Mooma said he'd like to see the exception rather than rezoning. If you have light industrial you could have commercial underneath it, in the past, but that's not the case now.

Lisa Bryan, a Depot Road area resident, said she had heard about businesses like this needing to be 5000 feet away from schools and asked if there was protection for the schools. Mr. Dadson said sexually-oriented businesses and alcohol sales are restricted in their proximity to churches, schools, etc. Highway 170 is more intense commercial, industrial and light industrial area. The exceptions and distances may change. There's more protection in an area like Depot Rd. Also, the county occupies the Business Park and has offices there like voter registration, etc. Those are the types of uses that are more prominent around here, as opposed to a lot of machine shops. He asked if the gymnastics studio was in that area at one point. Ms. Hegstrom said it was, in the back of the EMS building. He asked what the difference was between kids playing inside vs. playing outside with a baseball. He has a hard time seeing the difference between his kids at the baseball field and playing inside a building. Ms. Hegstrom said he shouldn't kid himself and think that it would just be gymnastics. She believes restaurants would be in there. Ms. Anderson told her that it wouldn't be by ordinance. Regarding notification, she added that with a special exception, "a courtesy notice shall be mailed to all property owners within 200 feet." Ms. Hegstrom said she was looking at use regulations and categories and indoor entertainment included bars, taverns, etc. Ms. Anderson said restaurants are called out separately in the UDO. Mr. Dadson said council could more narrowly focus the list Ms. Hegstrom gave and move things in and out of that list that they didn't feel were appropriate.

Ms. Bryan asked why this was happening now. Mayor Keyserling said the motivation had nothing to do with her neighborhood; an application was made outside their neighborhood. She said she believes it's connected to the rail-to-trail issue. Mr. Dadson said this is a zoning decision. A man applying for a permit wants to know how he should do it, and that's how it came up now. Councilman Sutton said there are no secret meetings and the workshops' purpose is to get their hands around issues like this one. The problem in their neighborhood is about the road going into it. He won't change any zoning until the road issue is straightened out. If a trail would come through, those owners would probably like to see a change to the use of their property. In the meantime, what does it mean to the city to change the uses of

light industrial? What is in the city's best interest? What neighborhoods might it work in? Can it be phased in?

Mayor Keyserling said the comp plan makes it important to look at these areas; this neighborhood may be redeveloped some day. They held back industrial because it was "golden." The buildings can sit vacant or be put to better use. Councilman Sutton said "how neighborhoods function" has come up repeatedly in the comp plan. There will be zoning changes in the future. Traffic can't be the only consideration. Ms. Bryan said she just doesn't want more. Councilman Sutton is supportive of that neighborhood and its issues. He's also supportive of special exceptions since it's the best way to do a change, as opposed to arbitrary, carte blanche zoning. There needs to be work done on it. Their issue is valid, but Depot Road is more of a problem than the re-zoning. Ms. Bryan feels like there needs to be more time taken.

Edie Rogers said maybe council needs to consider what the options are for the light industrial areas and what would be allowed. Mayor Keyserling said that's what special exception would do and why it's advantageous over a variance. Mr. Dadson said council should discuss notification and look at the listed uses which have a long list under them; the list should be culled to determine, for ex., "These things are appropriate if there are no houses or churches around." 'Special exceptions' are interesting: they're quasi-judicial and highly elevated ways to look at a particular use. Ms. Rogers said it might be helpful to staff and council to see the Depot Road area's concerns in written form. Mayor Keyserling agreed.

Councilman Sutton asked about conditional uses; what if you didn't do "special exception" but wanted to redefine zoning? Mr. Dadson said the conditions are when you realize there are specific things like light, traffic, noise that come out with the use. The use, proximity of other uses, access, neighborhood, etc. can all be considered. If the issue there is that access through Bull Street is bad, and then you can be specific to the neighborhood and say, "You can't do that." You don't have the by-right by that point, but have established a higher threshold.

Ms. Hegstrom asked if once a building uses an exception, another owner can use it. Mr. Dadson asked Ms. Anderson if change of ownership was a "special exception." Ms. Anderson said if it changes to a different use, it has to come back for consideration. If someone wants to buy the building and operate it under the same conditions, they don't have to come back, but you do if you change use. Mr. Dadson said if he came in and went back to use by-right for "special exception," he can do that because that is permitted. Ms. Anderson said it's all based on the use, not necessarily the owner. She offered to start with the Planning Commission and work on culling and Mr. Dadson's other suggestions.

Councilman Fordham asked Ms. Anderson to ask the Planning Commission what all this has to do with light industrial. Councilwoman Beer said this gives an opportunity to revisit all these zonings. A better understanding of the neighborhoods will come out of this. Councilman Sutton said the UDO is a new document. The information in it changes all the time. Councilman McFee said he applauds the neighborhood people's perseverance.

Dorothy Pierce said she understands council's frustration. She lives on the corner of Frazier and Bull. She walks in her neighborhood and is concerned and agrees that different areas should be looked at differently. She wants to stay where she is and wants it to continue to be peaceful. She's going to trust the council to look out for everyone and make the right decision. She's concerned about the impact of

increased traffic on the neighborhood. Mr. Dadson said cull the definitions, look at more appropriate uses and notification issues to go to the Planning Commission and keep it moving. The Planning Commission meets the second Monday in November. It will come to another council workshop before then.

INTERVIEW WITH CANDIDATE FOR HISTORIC REVIEW BOARD

Mayor Keyserling said the candidate had to withdraw. Her teaching schedule through May makes it impossible for her to make the commitment. Mr. Dadson asked if that was Historic Beaufort Foundation's appointment and was told yes. Mr. Dadson asked Evan Thompson and Maxine Lutz to get on it. John Gadson said Jay Widener could be asked to serve longer. Mayor Keyserling said the policy is to let them serve until their term is up.

DISCUSSION ON GOVERNANCE OF THE REDEVELOPMENT COMMISSION

Mr. Dadson said that the Redevelopment Commission has recommended changing its membership. He pointed out two sections of the ordinance that he finds relevant. The decision was that council would remove itself, and there would be 9 members on the commission, one being the city manager. There's a difference in the membership criteria from any other boards: section D is about "removal." Redevelopment Commission has powers other boards don't have so that it can clean up light, do economic development, etc., so council reserves the right to remove membership without cause. He pointed out some other powers the Redevelopment Commission has and discussed the controls on it. The Redevelopment Commission is only as good as those things that underwrite it. It requires the involvement of city council, so the relationship would not be severed. The Redevelopment Commission has been very important to council for several years. Boards allow council to have "cover" for politically-tinged decisions and to engage citizens to be involved. He has instructed the city attorney to make the instructed changes.

Mayor Keyserling asked if property held by the Redevelopment Commission is taxable. Mr. Dadson said it depends on how it's used. Pushing the envelope would be if they ran a restaurant and are in competition with private interests. Councilman McFee asked if revenue sources are diverted to Redevelopment Commission, if they're non-taxable. Mr. Dadson said it's non-taxable. The city attorney is drawing language that is very clear. The city will still own parking; Redevelopment Commission would manage it. Mayor Keyserling told him to add in an attendance policy. Councilman Sutton said the terms seem very short for the amount of work they're asking the members to do. Mr. Dadson said a separate set of standards for term-limits has been adopted. Councilman Sutton said longer ones are needed for work that typically takes years. Mr. Dadson said there should be a balance between consistency and new blood. Mayor Keyserling told him, in addition to terms, to add something about joint meetings with council, perhaps quarterly.

Paul Trask said it would be helpful for them to articulate why council was on Redevelopment Commission to begin with and why council wants to remove itself. He also asked what the circumstances to remove a Redevelopment Commission member and how that would happen. Mayor Keyserling said there's been much discussion about this in the Redevelopment Commission, but the council was taking up 5 seats, and they'd prefer to have 5 citizens in those seats working. Mr. Trask asked what the Redevelopment Commission's major accomplishments have been and what the council's overall vision was for the Redevelopment Commission. Councilman Sutton said the Redevelopment Commission was the only group that has looked at the city as a whole and discussed what

redevelopment opportunities exist. They outlined 17 projects throughout the city. Councilman Sutton said redevelopment is not his area of expertise; someone else would have more to offer. He also feels that politics could be blocking the Redevelopment Commission's work. There are things he couldn't do as a council member. He supports taking council off the commission and hopes he can find someone in the public who will take his seat and do what he couldn't. Mayor Keyserling said within the Boundary Street district, the Redevelopment Commission could call business owners in that area to discuss matters important to them. Boundary Street and the comp plans are driving it now. They ought to be a resource to which businesses come and a resource that will go to businesses. There's been investment in infrastructure but not the hoped-for vertical growth. Councilwoman Beer said she agrees with what's been said. It was recommended for council to be members because of the money aspect. On council they can ask for referendums that bring in more taxes, but politics are muddying the waters. She thinks people with more insight on development would be better, and then recommendations will be brought back to council.

Mr. Gadson asked how the Redevelopment Commission relationship would work with council. Mr. Dadson said it depends on the project, its scope, and the action that needs to take place. It depends on whether there's a regulation that they'd like to be changed. If the city gave the Redevelopment Commission property or they took over parking, Redevelopment Commission could use the proceeds for economic development. The law is very specific about what they can do. To Mr. Trask he said council can be a part of it or not; they can embed themselves or not. Most redevelopment commissions don't do it. Mr. Gadson asked about eminent domain, if for economic development purposes they were to consider it. Mayor Keyserling said if anyone's acting against the interests of the city, they could be removed. Mr. Dadson said there are times a group can negotiate and the public's best interests may involve difficult decisions, but it depends on the project and how good at negotiating they are. It depends on the community good. Mayor Keyserling said the courts have narrowed it down a lot.

Mr. Trask asked who manages the city's website, and Mr. Dadson said the City Manager's office. Mr. Trask complimented the site. He observed that there are not agendas or minutes for the Redevelopment Commission, Historic Review Board, Parks and Trees or any other city board. These are all important public meetings with agendas and minutes. He suggested council tell the chairs to post the minutes and agendas for the city's website. Mr. Dadson said the boards do post those agendas but you have to go through the planning site. Mr. Dadson said they're trying to organize it to be more user-friendly.

Ms. Rogers asked if the Redevelopment Commission has authority to do lots of things without bringing it to the council. She was told yes and said she finds that scary. She asked if she could find the statutes posted. She suggested Paul Trask as a possible new member. Mr. Dadson said they're only as powerful as their underwriting; council is a "backstop" to those issues. Redevelopment commissions they've seen that are very successful have been so because of their relationship with their councils. Councilman Sutton said the statute really fits what the city's needs are at this time.

UPDATE FROM NORTHWEST QUADRANT COMMITTEE

Mayor Keyserling asked to switch the Northwest Quadrant earlier in the meeting because of the workshop's attendees. All of the volunteers want to continue to work beyond the report they submitted. There needs to be a discussion about what the committee gave to council and opportunities to move forward. Mayor Keyserling sent everyone on council a grid separating the 100 recommendations from the committee and which group would address them. Councilman Sutton wants to accomplish

something. He's read the document 3 times and made notes but doesn't know what to do. He said some recommendations seemed clearly to be something council needs to do. It seemed to him that, in coming up with the 100 ideas, it seemed that anything anyone said was printed. He'd like the goal to be establishing a Top Ten that can be getting done while they study the rest of them. He gave "Establishing a Northwest Quadrant Redevelopment District," as an example. There are the tools to do that available. What that means needs to be defined. He also said there were some examples of contradictions of one another. He wondered, if you don't have money when your house is falling down, and your family's owned it for several generations, what do you get out of these recommendations?

Mayor Keyserling said there are parallel focuses to what was learned. First, the character should be preserved; a toolbox should be created for those who have grown up there and own property so they don't get washed away in the redevelopment tide. Second, there's a lot of underused land, unsalvageable houses, etc. so there need to be projects to offer incentive to developers to do infill while respecting the history of the neighborhood. The Northwest Quadrant group has found a building for the Civic Design and Development Center. They incorporated and became a 501c3. They've taken other steps like partnering and seeking grants, to make this center a reality, and Mayor Keyserling enumerated them. The purpose of the group would be to give people a place to go to find out what resources are out there to help them.

Pete Palmer observed that the group can't do much absent the involvement of the people who live and own there. They need incentives to be involved. The center would be a place they can come and be encouraged. His goal is for 2-3 people to do something with their property so others can see it. Councilman Sutton said this resource center seems like it might happen. Mr. Palmer added that a neighborhood association is in play and wanted the committee to continue. Mayor Keyserling said the people in the group have strong expertise, but there was no neighborhood organization and no plan. Councilman Sutton said this is one neighborhood that needs to have things done differently than they've been done in the past. There's more construction in that area than in many other areas in the city, so the disparity with blight and empty lots is interesting. Creating a design center could work. He wants to know that they'll do what needs to be done. Mr. Palmer said council can get the message out that the group is indeed "behind you" and is trying to eliminate some of the hoops that need to be gone through.

Re: 1.1: whether the neighborhood should stay in the Historic District. Councilman Sutton said he's of two minds and each historic structure should have been evaluated on its own merit. Mr. Thompson said in the process they learned that only since the late 1990s was the ordinance enforced in that neighborhood. It hasn't withstood the test of preservation. There's a great opportunity to see how the tools can work. The Historic Review Board can designate particular buildings as historical landmarks, but the purpose of that needs to be determined. All of this falls under the umbrella of a redevelopment district.

Mayor Keyserling said there's agreement on 1.1 – 1.3 Re: passing the Bailey Bill ordinance, he feels staff should research it. Mayor Keyserling is excited about it but doesn't think it works on residential structures. There are probably other state laws that would apply.

Re: Enforcing demolition by neglect, Councilman Sutton said the committee said it robs citizens of their rights. Councilman Sutton said it's not consistently enforced and when it IS enforced, their feet get held to the fire because they enforced it, then don't do it the next time. Councilwoman Beer said the majority

of council wasn't willing to demolish a building with a tree growing through it and falling to the ground so it "fell through the cracks." Councilman Sutton added that there's not a group ensuring that demolition happens. Mr. Gadson said there's an ordinance but there's not a proper enforcement process. If a building is left deteriorating and codes enforcement can see it, they need to start the notification process. The ordinance may need some improvement, but there's not a thoughtful *process* to prevent a building sitting there until it dies. There needs to be an official way for this committee to continue to work and implement the ideas they come up with. They would like to have a workshop with the city council to work on these ideas. Mayor Keyserling said "or maybe we create a subcommittee." Councilwoman Beer said we've come a long way since project repair.

Mr. Thompson emphasized that the value of a demolition by neglect ordinance is a safety valve mandated by constitutional law. You need a safety valve for people who are disadvantaged economically, if the city wants a building to come down because of its condition, the homeowner has an opportunity to make a case. People felt like they didn't have a fair opportunity to prevent demolition if they wanted to. If you can't afford to do what you need to in order to prevent demolition, then what? That's where a loan program comes into play. If activity can be coordinated, they can make things happen rather than having groups working against each other. Councilman Sutton said he initiated recent activity because no one else was initiating anything. Whole neighborhoods have to be restored. "How we initiate it" needs to be looked at, not a council member driving by. Mr. Palmer said the Neighborhood Association has real ownership. Councilman Sutton asked how to go after people who are neglecting a house, not paying taxes, etc. There needs to be enforcement with the right tools and initiated properly.

Mr. Palmer said if the neighborhood association has some teeth, they can identify and put pressure on and publicize in ways others can't. Mayor Keyserling said that when Habitat came to him, he went to the neighborhood association and said the owners won't return phone calls. Councilman Sutton said tools in a redevelopment district ought to come with incentives. It's expensive to put a sewer tap in. "In reality, you don't know what you have there until you know." Mayor Keyserling said Donna Alley, the Historic Preservation director, can only do so much. Someone in the neighborhood every day can be Ms. Alley's go-to person. The city has decided not to be in the housing business. There needs to be an advocacy program and resource person. Historic Beaufort Foundation is going to diagram how to see, what to do, and how to get there. The city can't be out there all the time, Housing Authority is confined to rentals, and there's a gap there. He wants to support a redevelopment issue funded with ingenuity and people's sweat.

Councilman McFee said everyone agrees with the guidelines, and the idea of having a community-based center is the best way to add guidance for preservation and to provide tools and resources to the neighbors, etc. "That's the cohesiveness we need." Then the city helps with waiving fees, abatement programs, tax credits, etc. Mayor Keyserling would like to have everyone agree that they're all moving in the same direction and are moving forward. The Northwest Quadrant could be a place to do a pilot project on affordable housing.

Mr. Palmer said what he's getting is that the group should take a pat on the head and stay with it. They can come back when they can give council stuff to do, the more specific the better. Mr. Dadson said the buy-in comes from the community organization's strength. In the comp plan, chapter 12 and others, it talks about the regeneration of that neighborhood. He thinks a fair exercise is to keep the committee

together with the neighborhood association, Historic Beaufort Foundation staff, and anyone who wants to be involved and organize the 100 ideas into their proper spots. This will prioritize some items. He recommends that the group organize the 100 items on the list, come up with an action plan, and then council can discuss funding, “giving life to CIP,” etc.

Councilman Sutton said the committee should make an action plan that relates to the comp plan. Mayor Keyserling agreed that that idea makes sense. Mayor Keyserling said some of these 100 ideas are already in play. Councilman Sutton said we need to get some action going as well. Mayor Keyserling suggested joint board meetings might be a good idea. Mr. Dadson said staff did take the report seriously. Mr. Thompson was at the meeting. Lots of things are being done; the process has been begun, but it needs to be organized. Councilwoman Beer said it will take awhile but council is committed.

Councilman Sutton said re: plans to plant shade trees in the neighborhood: the houses are dying *because* of the trees. If the houses are not maintained, the roots, the moisture they retain, etc. will kill the houses. The city trims more trees in this neighborhood than anywhere else, trying to help that. Mayor Keyserling said a major problem is people who own property there but don't live there and could offer sweat equity to Habitat. “If I own a fallen down house and go to Habitat and say I'll donate the lot and bring half the cost to the table” it makes it more affordable. Councilman Sutton said there's money available to do that kind of deal, but you have to go out and get it. The design center may be that entity to go out and do it. Mayor Keyserling said staff has respect for the plans.

EXECUTIVE SESSION

On motion of Councilwoman Beer, seconded by Councilman McFee, council voted to move into Executive Session pursuant to Title 30, Chapter 4, Section 70(a) (2) of the South Carolina Code of Laws to discuss economic development industrial prospects. The motion was approved unanimously.

Councilman Sutton made a motion to come out of executive session, and Councilwoman Beer seconded. The motion was approved unanimously.

DISCUSSION OF DOWNTOWN PARKING PLAN DEVELOPMENT, TIFS AND CREATION OF A NEW TIF

Mr. Dadson said the two issues are tied together. He made a presentation in which he showed a map of the two TIF districts, the financials on TIF 1 and TIF 2, total debt service, and the Boundary Street Project design concepts. He reviewed the staff recommendations to the Redevelopment Commission, regarding TIFs 1, 2 and the creation of 3. He said the Redevelopment Commission made a motion to go forward with these recommendations and pass them along to council for discussion. He went on to review Mr. Cook's presentation on behalf of the City at Redevelopment Commission about the proposal to transfer parking from the city's management to a collaboration with Redevelopment Commission, Main Street Beaufort, and a private entity. He said the presentation is available on the City's web site.

He went into a 5-year outlook for 2011 – 2015, i.e. the TIF 1 taxing district will expire. There's no growth foreseen in assessed real estate values, and there is likely to be continuing downward pressure on business license revenue, etc. He explained the financial benefits of both the change in parking and the TIF restructuring. He offered financial background on “how we got here” and possible options. He went into plans for financial planning and improving management practices. He said the city is looking into

the movement of resources into their best position. He said the financial plans comply with city council's objectives.

Mayor Keyserling described some current financial circumstances for "real people." When he thinks of a long-term debt commitment, he feels like he needs to know what he's doing. He doesn't fully understand the TIF idea. Staff has helped council understand somewhat. From his perspective, council has made some mistakes in the past. He wants to see the "anatomy of the two TIFs," i.e., this is what it is, this is how the money was spent, this is where it came from, etc. He feels like this is moving way too fast. They don't know what the cost for the Boundary Street Project is, and it's twice what people were told it would be on the penny sales tax. This level of commitment requires him to understand it. On the surface, refinancing TIF 1 makes sense if the money's there, but he's worried about servicing the debt.

Councilman Fordham has the same concerns Mayor Keyserling has. He wants specifics about the TIFs. Mr. Dadson said TIF 1 and TIF2 were too short at 15 years. When the Park came around, the TIFs were impaired and it was taken out of the general fund. He told council "Your issue is a COST issue which impairs the general fund." TIF 2 was supposed to be for the municipal buildings, but the city took 5-6 years to decide what to do. Land values grew, and the property Town Center sits on regenerated. He said their tools are limited, especially in regard to the General Fund. MCIPs, incremental tax financing districts, TIFs are the options outside of grants. With the revenues you still have coming in on TIFs 1 and 2, you can't use them to make debt payment; you can't use it as collateral to borrow against. From a capital investment structure, they should do TIFs because it takes pressure off 8% and the General Fund. Expenditures and future debt needs will "eat you up." The 30 years makes more sense against the size and cost of the infrastructure in a particular district. You're going to have to use these tools (MCIP, etc.) in other districts that want infrastructure improvements. The Boundary Street Project is about regenerating resources. If it funds itself, it's perfect, and it creates business license tax. It also lets people live, work, and play in the area. There is \$22 million on the table, and they need to figure out how to leverage it. The parallel road and other parts of the street network let that work in that district.

Councilman Sutton agreed that the life of the TIF is too short. \$22 million isn't going to do Boundary Street. It doesn't add a burden to the taxpayer, and he asked Mr. Dadson to explain that. Mr. Dadson said that in that district, improvements have been made, so the value of the property will go up naturally in assessment. The TIF won't make them pay more taxes. He said the city is concerned about the pressure of the \$463,000 Park debt. Mr. Cook said the park is a regional asset used by everyone in Beaufort County, but only Beaufort citizens pay for it. Mayor Keyserling said he feels keeping the county on board can be justified. TIF 2 offers a huge county justification because they are their roads and it encourages infill. The school district becomes harder to convince, but the city should stay in for the extension, and county should stay in through TIF 2. They recognize that TIF 3 is the difficult one.

Mr. Trask asked if the county and school reasons for staying in TIF 2 wouldn't still be the same today. Mr. Cook said the law was different then and they didn't have an option to participate. Now they don't HAVE to participate. Mr. Dadson said the county is the city's partner in the road projects and they are a logical choice to stay in. He has more empathy for the school district. It's the politicians' role to get them to stay in.

Mr. Trask asked if the TIF 2 extension would be more sell-able if they took a MID and added it on top. Mr. Dadson said the analysis of the MID was that it wouldn't generate enough cash. If you extend the

life of TIF 2, that takes some pressure off. Phase 1 can be completely done and allows you to work into Phase 2. Without TIF 3 and an extension of TIF 2, it would be difficult. You can take the pressure off the taxpayer and the bond, and then the MID is the extra things you wish you could have done.

Mr. Cook said that TIFs in this county weren't treated right in the past. They never had a chance to do what they were supposed to do. Mayor Keyserling said he can get behind extending TIF 1 after the "anatomy lesson." He wants to know what the expectation is and what happens. To get the \$400,000+ out of the General Fund makes sense to him. Re: the parking presentation, he said the story in the Gazette wasn't managed well by the council. He's "hot on the parking."

Mr. Dadson said TIF 1 and parking relate to each other and make sense. TIF 3 is the one with a time issue from a first reading perspective. He will do the numbers / anatomy. Councilman Fordham said he's in favor of TIFs 1, 2, and 3. Councilman Sutton would like bond counsel to come talk to council about it. The Park coming into play was way more expensive than anyone thought it would be. And there are other projects they need to be working on and they "can't get past go." The money needs to be moved to where it can be used properly. Mr. Trask said it makes sense to approach the school district and county before voting. Mr. Dadson said last time they did that during the ITC, they were "thrown under the bus." He think they should say, "This city needs to be doing 1,2, and 3." But they shouldn't ask for permission from the county and schools to do it. The school is 56% of the deal and need to be on board. Councilwoman Beer said she'd be willing to vote for all 3 on first reading to expedite the process. Councilman McFee said TIF 3 is the most important thing to get done because of the assessments.

Mayor Keyserling said he doesn't understand the urgency on TIF 3. Mr. Cook said he preferred to defer that and other TIF 3 questions to bond counsel. It's not a windfall, it's leverage. Mayor Keyserling asked why it needs to be done in 2009 rather than 2010. Mr. Dadson said it's because of how the base sits; it changes next year. It's cyclical. He said schools and county shouldn't be carried along; they should come along. He agrees that the anatomy of the TIFs, future amortization, and bond counsel all need to be introduced. He'd like to see it pass on 1st reading.

Mr. Trask asked what happens if you rework TIF 2 and they opt out. Mr. Dadson said they have to stay with their original agreements. They could only opt out of the extension and they couldn't do it for 8 years. Mr. Trask asked how you can bond on that now, and then said this issue will require a workshop in and of itself. Mr. Cook agreed that it's a tough concept and said drawings will help.

Mr. Cook said they're not paying any O&M out of either TIF at this point. TIF 1 could be used to repair sink holes in Waterfront Park, but it's not being used for short-term goals. Mr. Dadson said some TIF 2 is budgeted for O&M, but no moneys been used yet. He made mistakes in real estate, and when he realized he did, he lost money, so obligating city for the whole Boundary Street Project worries him. He said "We're not talking about budgets, but about how much more we need to raise." He's conservative and worried TIFs are being financed by inflated land values. Mr. Dadson said he agrees with Mayor Keyserling's marketing analysis. Mr. Cook said they're very conservative, too. Councilwoman Beer said her brain was shut down after 4.5 hours.

UPDATE FROM NORTHERN AREA PLAN IMPLEMENTATION COMMITTEE

Mr. Dadson gave out a handout of a memorandum to council.

UPDATE ON MUSEUM ARTIFACTS

Mayor Keyserling said Ms. Alley has been the point of contact on this. Mayor Keyserling asked Mr. Thompson if he's seen Ms. Alley's report and gave Mr. Thompson a copy.

ADJOURNMENT

There being no further business to come before City Council, Councilwoman Beer made a motion to adjourn, seconded by Councilman Fordham. The motion was approved unanimously, and the meeting was adjourned at 9:30 p.m.

ATTEST: _____
SHIRLEY HUGHES, ACTING CITY CLERK