

A **special work session** of the Beaufort-Port Royal Metropolitan Planning Commission (MPC) was held on **July 29, 2019 at 4:30 p.m.** in the Beaufort Municipal Complex, 1911 Boundary Street. In attendance were Vice-Chairman Jim Crower; Commissioners Robert Semmler, Judy Alling, Mike Tomy, Caroline Fermin, and Bill Bardenwerper; and Fire Chief Reece Bertholf.

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.

Vice-Chairman Crower called the work session to order at 4:30 p.m.

Commissioner Bardenwerper introduced himself.

FIRE DEVELOPMENT IMPACT FEE STUDY

Commissioner Semmler said when this first came before the MPC, it bothered him that it was presented in terms of, "You are directed to participate in the impact fee study," because he doesn't "like being directed to do anything." However, as he researched, he learned the county's impact fees go back to 1999, and he has learned more about the "huge list" of various types of county impact fees, "multi-jurisdictional partnerships that were made," and more. This information needs to be included in the training for new people on the city's boards and commissions, he said.

Commissioner Semmler said he thought the way the impact fee study was written was very comparable to the others he had read. He suggested having a contractor "review and confirm the numbers as they're written" to make sure that fees in lieu, for example, are considered.

Commissioner Tomy said he agreed with that idea. He has looked at how this impact fee equates to those in other jurisdictions, and he feels it's on the right track. He asked about the county equivalent to this, which he'd like to see in a side-by-side comparison.

Chief Bertholf said the comparison of fire impact fees in Beaufort County is on page 4. He hesitates to compare this impact fee with what has been done by the county; it most reflects what has been done in other municipalities in South Carolina, he said.

Commissioner Fermin said Hilton Head and Burton are not on the list. Chief Bertholf said Hilton Head doesn't have a fire impact fee, but Burton does.

Commissioner Fermin asked Chief Bertholf if the city has budgeted for impact fee exemptions for affordable housing (under "permits for single-family dwellings" in the study). She said, "Someone has to pay for that delta." Chief Bertholf replied, "The delta is actually what the city is already paying for." If the city or town "compensates a capital purchase greater than \$100,000, they're going to fully fund it right now, so any fee that

is collected and attributed to that purchase in the future will actually be an offset, so it doesn't create a delta, and somebody else has to make up the cost. The current taxpayers are already making up that cost.”

Commissioner Fermin asked about “replacement value” on page 11. She asked if there is a capital improvement plan (CIP). Chief Bertholf referred her to Appendix C, beginning on page 34 of the study, and explained the procedure concerning the CIP. Commissioner Fermin asked how its requirements were developed as part of this plan. Chief Bertholf said, “It’s absolutely analysis,” not “a wish list.” There is “an internal fleet replacement plan” for rolling stock, and “internal redevelopment requirements at stations that currently exist” or for a station that is “contemplated to need to exist in the future,” he said. Those two components would drive what the needs are; there is a schedule for replacement of the current fleet that the fire department is “following to the best of our ability,” Chief Bertholf said. “That’s what drives our current capital improvement plan.” The CIP “reflects our current value for replacement of what we already have,” he said, which is why the plan is written “from a consumption-based approach.”

If, in the future, the fire department needed to add a piece of capital apparatus, it would be contemplated under this CIP, Chief Bertholf said. Commissioner Tomy said the anticipated replacement year is not listed here, only the year of purchase. Chief Bertholf said they could add that information.

Commissioner Tomy said he’d like anything that needs to be updated to be sent to the MPC before its next meetings. Chief Bertholf said they would post it for review.

Commissioner Tomy asked if the fire department has a value to attach to each item that is going to be replaced. Chief Bertholf said that is reflected in the replacement values, and the total of those values is \$16,065,000.

Commissioner Bardenwerper asked if it’s known how many impact fees are already collected in Beaufort and Port Royal. Chief Bertholf said the City of Beaufort and Town of Port Royal don’t have their own impact fees; they collect an impact fee for the county for transportation. This fire impact fee is the first one that has been contemplated for just the municipalities, he said.

Commissioner Bardenwerper said he’d like to know how much they anticipate generating over what period of time and what they anticipate spending. Chief Bertholf said in the CIP, they were required to list other funding sources that would be available, and to state whether they would be applied if they were available.

On the infrastructure side, Chief Bertholf said, there are questions like, “Do we need to build another fire station?” or to redo one. “It’s a very finite window,” he said, while “on the rolling stock side, it’s almost perpetual.” He continued, “The planning window . . . is the 20-year horizon,” so if the impact fee is adopted, and they do nothing else with it, it

would expire in 20 years. Chief Bertholf explained the steps the fire department could take to extend that planning horizon for another 20 years.

Looking at population and commercial growth trends, Commissioner Bardenwerper asked if there has been a projection made for housing and new business growth to see how much of a fee they could expect to generate. Commissioner Tomy responded that he differs with the projections in the report for 2030 and 2035.

The study says impact fees can't "be used for operations, maintenance, or replacement," Commissioner Fermin said, but "your rolling stock would be considered replacement." It also says that "monies need to be spent within 3 years of scheduled date for construction in the CIP, not 20," she said. Chief Bertholf said, "The impact fee can go in for a horizon of 20 years – the 3 years of first-in, first-out consumption rate of dollars collected." The question of what's realistic to expect about what's collected versus what's spent is moot, he said, in that no matter the amount of impact fees they take in, they have to have spent it within three years "on a capital project created [that's] over \$100,000."

On the matter of using impact fees for operations, maintenance, or replacement, Chief Bertholf said impact fees could be used for "consumption-based replacement of assets over \$100,000," but not to pay firefighters, for example, or for gas for fire vehicles.

Commissioner Tomy referred to page 10 of the study, saying US Census Bureau figures are used for the current population (City of Beaufort: 13,729 and Town of Port Royal: 12,886) and employee (City of Beaufort: 7,935 and Town of Port Royal: 5,463) estimates, but the Census Bureau doesn't "really consider the amount of land that's available when you're in a coastal community like this" in their projections, so for them to project a population of 83,134 "up to 105,000," would mean "your employment is going to go from 14,000, up 600% to 67,000," Commissioner Tomy said, which "certainly is not correct," whether or not those estimates have any impact on the impact fee study. He feels that this "whole area" needs to be looked at "more realistically."

Commissioner Semmler said the costs per person and per employee were determined using the standard ITE (International Transportation Engineers) formula; he suggested using the 10th edition.

Commissioner Fermin said "bonds or debt relief" have to be offset with the impact fee, or they could incur a lawsuit for "double-dipping" if they were to "receive monies for something and then charge impact fees." Everything that is contemplated in this study is being done in another South Carolina municipality, Chief Bertholf said. He explained how a lease-purchase agreement with impact fees as a funding source or using fees to offset a bond would work. This is how the Bluffton Fire District grew from three fire stations to nine, he said.

Commissioner Tomy said if they went out for a bond for a fire station, they would “have to show the offset of impact fees as part of that bond.” Chief Bertholf agreed.

Commissioner Tomy said he sees the total asset replacement value at \$16,065,000 on page 11, but he would like to see a breakdown of how that number was put together.

Referring to affordable housing exemptions, Commissioner Tomy said, based on these and HUD’s figures, any house that costs \$113,183 or less is considered affordable housing and is exempted. The study says the median family income threshold for a family of 4 in Beaufort County is \$57,750. Chief Bertholf explained how the affordable housing figure was determined. He said there is nothing in statutes or elsewhere that says exactly what affordable housing is, and a \$113,000 mortgage and \$1,000 a month rent are arguably *not* affordable. They could “decrease the ratio of what’s affordable” from 30% to 20% of family income, he said, but “the low end in supportive government documents is 30%; the others are higher. “So it goes up to 50%, but that’s a hardship, basically,” Chief Bertholf said.

Commissioner Semmler said, “The housing needs assessment was just recently finished, and the county’s doing a multi-jurisdictional affordable housing study.” He hopes all entities are on the same page with the figures they’re using.

Commissioner Tomy asked if a determination about affordable housing is “an action item,” or if they are “leaving it the way it’s set up right now.” Commissioner Semmler said he doesn't know. He told Commissioner Alling that he doesn’t know an exact date, but completion of the affordable housing study is “close.” Commissioner Fermin thinks they should reference what comes out of that study in this impact fee study. There are parts of the county in which a \$111,000 house “is not affordable,” she said.

Chief Bertholf said he doesn’t know what direction they would take with that because it is data that can be replicated and referenced, so that no one in 20 years would wonder how they came up with their numbers. This probably happened in Bluffton in 1999, too, he said. His department was charged with undertaking this study with “sustainability and capacity” in mind, Chief Bertholf said. “Every bit of this is going to be forecast based on generally accepted practices” in the US or in the state of South Carolina, he said.

Commissioner Tomy said what the commissioners are bringing up are “valid issues,” and he feels that what needs to be modified in the study “ought to have a modifier on it.” So, for example, if they think that the Census Bureau information isn’t “correct, maybe put a modifier in there,” stating that “additional information will be sought,” just as if the affordable housing “studies [that] are being done . . . come up with something that should be considered,” in the impact fee study, “it goes in as an amendment.”

Commissioner Bardenwerper said the concept of impact fees is to charge new development for its proportionate share. He thinks that they could reasonably project

the kind of development that is going to occur in the jurisdictions that are subject to the ordinance. He suggested ways to look at those trends: “take the horizon,” and then anticipate how much would be collected from housing and then from other types of construction. The fee seems reasonable in the way it’s allocated, Commissioner Bardenwerper said, but he doesn't understand how much they anticipate collecting based on development that will occur, and how this source of revenue will relate to other sources of revenue. It was his understanding that impact fees were to “go toward purchasing new stuff” (e.g., a new fire house or fire trucks “because of new development that might be occurring”), not to “replacing existing fire houses.” The fire department might “be short on revenue,” he said, and he doesn’t know how it would “replace your existing fire engines,” but the way he understands impact fees is that there’s “an impact of new development,” and that impact is not replacing an existing piece of equipment.

Commissioner Tomy said when a community has an old fire station, “it doesn't really function appropriately,” so “something does need to happen to that” in compliance with ISO standards, among other things, “and that’s what drives that development.” He thinks impact fees “are a way to finance the improvements that are necessary,” and hopefully “reduce . . . the burden on the taxpayer to [have to] pay for all” of the effects of development. New construction should absorb a portion of that, he said.

Commissioner Bardenwerper said a community with no new development at all could not have an impact fee. “It’s a charge on new development,” he said, for the costs that development brings with it; it’s not a substitute for taxpayers paying “for the things they have.” He said, “It’s basically growth paying for growth.” Commissioner Alling said, “Population growth means greater wear and tear on the structures and the equipment.” Commissioner Bardenwerper said if they could find out how much growth is occurring and how much money the fire department anticipates raising from that with the impact fee, it would help.

Commissioner Tomy said when a group wants to be annexed into a community, you assess the impact “to the existing structure, and if you can’t meet your ISO numbers and everything else that you need through that, then you have an impact that has to be addressed, or you decide not to annex.”

Commissioner Alling asked if there are more accurate figures available than those from the US Census – from the city, the Town of Port Royal, or the county – for growth projections.

Bill Prokop, City of Beaufort city manager, said the county has spent \$100,000 on an impact fee study with a consultant. They are taking all of the things that the commissioners are bringing up into account, he said. The study is broken down by the municipalities within the county, Mr. Prokop said. The City of Beaufort has no impact fees; the county gets 99% of the transportation impact fee, and the city gets 1%, yet the

city has to maintain the roads. Also, Beaufort gave all of its parks and recreation facilities to the county, he said, in lieu of having a parks and recreation impact fee.

The county's affordable housing study was completed 1½ years ago, Mr. Prokop said. The numbers for housing costs that are being used in the fire impact fee study are from that "consolidated group's" study. He added that the City of Beaufort and Port Royal don't have library impact fees.

Commissioner Tomy said he'd like to see the county's final study to see how it relates to this. Commissioner Alling said the information that Mr. Prokop cited should be used when it's provided.

Commissioner Tomy said on page 26, the calculation of impact fees is discussed. He objects to the word "reasonable" because "that's an undefined terminology." On page 27, Section 6-1-1020 (A)(1), "the impact fees have not been expended within 3 years of the date," so he suggested substituting "3 years" as a timeframe instead of "reasonable." Chief Bertholf said all of the text from pages 18 to 30 is "the state law, so I can't change anything in there," only in the impact fee study, which is before that section.

Chief Bertholf said, "A lot of this is verbatim from the law that goes into the draft ordinance," but when they move into the draft ordinance phase, the verbiage might not end up being exactly the same.

Referring to page 28, Section 6-1-1030 (B), Commissioner Tomy said rather than "irrevocable letter of credit," he is used to "escrow funds," and in Section 6-1-1040 (A) (3), to ". . . until the development fee is paid," he would add "with interest accrued." Chief Bertholf said they would take down Commissioner Tomy's comments, and they would ask an attorney if they might be able to change the language "when they get to the point of ordinance development."

Vice-Chairman Crower said if any of the numbers are changed based on new data from the county or other sources, a reference to that needs to be made "so it doesn't look like we're just fudging the numbers." If the numbers need to be adjusted, he thinks they need to "keep track of our assumptions and what sources we use to change those numbers."

Commissioner Fermin said on page 14, for a single-family attached or detached residence, the number of persons per household is 2.69, and the cost per person is \$305.43; the impact fee *per unit* is the same: \$305.43. She asked if it shouldn't be \$821.60. Chief Bertholf said they struggled with this, and they didn't want to "create a variability that couldn't be dealt with." They couldn't figure out a good way to verify the difference in houses with more or fewer bedrooms, he said, which is how some impact fees do it (i.e., to determine the number of people in a house), so instead they followed

examples that “used your allowable impact fee for what should be charged for a single-family residence.” This applied to a multi-family dwelling or a mobile home, too, he said. They “found examples where they did not use it,” Chief Bertholf said, “and we tended to agree with that one because it gave us a level playing field.” If you “use numbers that basically [say] more people live in a mobile home than [in] a single-family dwelling, you would have a disparate effect on places that we wouldn't want to have that effect,” he said. It doesn't change the impact on the fire department “that much” when more or fewer people live in a house. The department has been very successful at determining that “what drives our cost basis is rooftops,” Chief Bertholf said, which is how their costs are divided between the City of Beaufort and the Town of Port Royal, for example.

Chief Bertholf told Commissioner Fermin that the tables in the draft study would be in the ordinance because “it gives us the use per” residence, and the employee/space ratio also gives them “the formula we need to make it correct.”

Commissioner Fermin said, “You could have less than 50,000 square feet, up to 400,001 square feet” of general retail (page 16), “and the price is still \$592.34.” Chief Bertholf said the “service units” column “delineates the service unit that you use in the factor for the type of use.”

Commissioner Alling asked for an explanation of the “huge difference from one impact fee to another.” **John Robinson** explained the range among the different land use categories. Within a given category, for example, “a service unit is per 1,000 square feet,” he said, so if the building “was 51,000 square feet, the service unit calculation would be 51 *times* the employee space ratio *times* the cost per unit,” and it would be similar for any other land use, to calculate the impact fee.

Chief Bertholf said the county ordinance “normalizes everything back to . . . equivalent dwelling units.” The ITE book is utilized across all impact fees, not just fire, he said. Staff decided this was the way to determine all impact fees. Mr. Robinson said all impact fees – for transportation, water, etc. – refer to the same document.

Chief Bertholf described what the next steps would be.

Chief Bertholf said in a week or two, they would address the commissioners' concerns. They have developed a draft ordinance that they will draw up for the next MPC discussion, and they will also have “the draft ordinance that has to be put forward for the CIP,” so they will all look at that.

Dick Stewart presented a handout on impact fees, infrastructure, and sprawl. He said impact fees can facilitate local economic growth, but if they're used like they were south of the Broad, impact fees “lead to rapid, sprawling development.”

Mr. Stewart defined sprawl and said he finds that “many times, our county administration” views the county “as just like the cities and towns” within it, “except they get to make the decisions on [inaudible].” He said, “One of the things we’ll be asking you to consider is whether you could exempt key redevelopment districts within the city and the town.”

Beaufort experienced a population decline because residents moved to areas outside the city limits, Mr. Stewart said, “some of them to Bluffton.”

Mr. Stewart said in Atlanta, sprawl affected the quality of life, which is a high cost. He reviewed the negative consequences of sprawl on residents and environment, including increased traffic, higher taxes, and separation of residents from their jobs.

Mr. Stewart named some vacant buildings (e.g., the closed Dukes BBQ retail center, the empty Beaufort Gazette building) that could be redeveloped, which is more expensive than taking out pine trees, and these costs “cause people to go elsewhere.” The city manager said the reason there is no park impact fee in the City of Beaufort is because the city gave its parks to the county, Mr. Stewart said. Hilton Head Island owns its parks, and gated communities own their own recreational areas, he said, so there’s not a need for the city to have a park impact fee. He then described why the City of Beaufort doesn’t have a library impact fee.

Mr. Stewart asked why the fees should be the same as in areas without infrastructure like streets, schools, parks, libraries, and fire stations.

Mr. Stewart said he doesn’t want Beaufort to be like Bluffton, and creating another shopping node on Lady’s Island would create “another place where we’ll have problems.” It’s unknown what is in the Port Royal Sound, he said, for example, because research hasn’t been done, but he described a potential medical benefit to be gained from 200 organisms that live in the waters of the sound, so before run-off from asphalt, oil, and gasoline “destroy it,” he feels they should determine “what potential that has.”

Mr. Stewart said Chief Bertholf had talked about rooftops. As an example, he said, if a Boundary Street property is developed to be 120 apartments where there were businesses like restaurants, the property tax for the current use is \$20,526, while the property tax for the proposed use is \$563,000, “about a quarter of which would come to the city,” a quarter to the county, and half to the school district. He agrees that “outmoded stuff” needs to be replaced, and he’d like to see it done this way, rather than having vacant lots with huge buildings on them (e.g., Duke’s BBQ, one-story buildings on Boundary Street). “There are great opportunities to take advantage of the infrastructure we already have here,” he said.

On the same proposed use as above, the BJWSA impact fee is \$427,443, Mr. Stewart said. When he looked at redeveloping the former BB&T bank building as a coffee shop,

the cost of sewer, water, and traffic impact fees was \$44,000, though he feels a coffee shop wouldn't use more water or create more traffic than a bank did. The "reason for that [large fee] is we treat redevelopment just like we treat greenfield development" in the application of these fees, he said.

The total impact fees for the Boundary Street apartments when adding in traffic and fire impact fees would be \$529,412, Mr. Stewart said. If he were to do that same project in Jasper County, he said, "our taxes might be a little high, but I guarantee you I can get a fee in lieu reduction, [and] our impact fees wouldn't exist, unless I'm on the Beaufort-Jasper water system," and in some other counties, "I don't have to pay any of that."

Mr. Stewart said he moved back to Beaufort because it's a walkable community. What he's talking about isn't "just about finding ways to shift property taxes off property taxpayers onto impact fees," and it's "not just low impacts on people who do development." It's "not what you think about if you're a city that's committed to a civic growth plan and an infill plan," he said. They need to be subsidizing "job creation at infill- and property tax-paying businesses within the boundaries of the city," Mr. Stewart said.

Mr. Stewart asked **Jonathan Sullivan**, BAHA (Beaufort Area Hospitality Association) chair, how much "you guys . . . contribute[d] last year to the city budget." Mr. Sullivan said, "Just under \$1,025 per guest room," which Mr. Stewart said totaled "about \$3.8 million."

Mr. Stewart said many bigger projects would be required to have sprinklers, which is helpful to the fire department. He asked them to consider if infill and redevelopment is important, and to consider that on major corridors like Boundary Street – where \$33 million in local and federal funds were spent "to create investment" – while the fire department isn't "a big piece of that," impact fees on infill and redevelopment projects could be "the straw that broke the camel's back . . . causing that sort of development to move elsewhere and to subsidizing sprawl."

Infill and redevelopment have much greater efficiencies, Mr. Stewart said. "Corridors where redevelopment is supposed to happen," he said, are Boundary Street, Highway 170, Ribaut Road in Port Royal, "and probably a portion of Lady's Island."

Mr. Stewart discussed BJWSA fees on a Beaufort Inn cottage on Craven Street and said based on monthly use, "we have overpaid by 73%." Like stormwater and other fees, "impact fees just kind of spiral along," he said, cautioning the fire department against that.

Chief Bertholf said he has to plan based on the Civic Master Plan, future land use maps, and the Northern Regional Plan – the implementation of which "contemplates the areas that I'm responsible for to one day be from the Whale Branch Bridge, basically, to

Cowen Creek.” This is an opportunity “to get services ahead of growth,” he said; for the 20 years he’s worked for the City of Beaufort/Town of Port Royal Fire Department, “the service has been behind the growth.”

There being no further business to come before the commission, the work session adjourned at 5:45 p.m.