

BLUFFTON TOWN COUNCIL MEETING MINUTES

May 8, 2018

Mayor Sulka called the meeting to order at 6:00 p.m. Council members present were Larry Toomer, Fred Hamilton, Dan Wood and Harry Lutz. Town Manager Marc Orlando, Deputy Town Manager Scott Marshall, Director of Finance and Administration Trisha Greathouse, Director of Growth Management Heather Colin, Director of Engineering Bryan McIlwee, Interim Police Chief Scott Chandler and Town Attorney Terry Finger were also in attendance.

Pledge of Allegiance and Invocation were given by Harry Lutz.

Adoption of Agenda:

Wood made a motion to adopt the agenda as presented. Lutz seconded. The motion carried unanimously.

Adoption of Minutes:

Town Council Regular Meeting Minutes of April 10, 2018.

Toomer made a motion to adopt the minutes of April 10th. Hamilton seconded. The motion carried unanimously.

Town Council Workshop Meeting Minutes of April 17, 2018.

Hamilton made a motion to adopt the minutes of April 17th. Wood seconded. The motion carried unanimously.

Presentations, Celebrations and Recognitions:

Mayor Sulka recognized the following students for participating in the Mayor's Bluffton Youth Community Service Award Program:

- Katherine Riley, John Paul 2 School; 116.5 hours of service
- Joseph Kelley, Benedictine Military School; 65 hours of service
- John Acker, Bluffton High School; 229 hours of service
- Sarah Cao, Bluffton High School; 103 hours of service
- Jonathan Garcia, Bluffton High School; 127 hours of service
- Ina Tran, Bluffton High School; 103 hours of service
- Noelle Chisholm, Bluffton High School; 118 hours of service
- Siris Liptak, Bluffton High School; 167 hours of service
- Jaishon Jenkins, Bluffton High School; 162 hours of service
- Ashley Coplo, Bluffton High School; 101 hours of service
- Margaret Schroeter, Bluffton High School; 109 hours of service
- Alyssa Angelino, Bluffton High School; 92 hours of service
- Ana Dominguez, Bluffton High School; 88 hours of service
- Destiny Gamez, Bluffton High School; 84 hours of service
- Gene Hamilton, Bluffton High School; 63 hours of service
- Brilee Larson, Bluffton High School; 74 hours of service

- Angli Moreno, Bluffton High School; 70 hours of service
- Alec Toon, Bluffton High School; 67 hours of service
- Wayne Toon, Bluffton High School; 71 hours of service
- Katherine Ferrera, Bluffton High School; 61 hours of service
- Grey Anne Cummings, Bluffton High School; 85 hours of service
- Hanna Giblin, Bluffton High School; 66 hours of service
- Elaine Guo, Bluffton High School; 68 hours of service
- Caleb Kelly, Bluffton High School; 54 hours of service
- Kieran Kelly, Bluffton High School; 54 hours of service
- Stephanie Maldonado, Bluffton High School; 65 hours of service
- John Roberts, Bluffton High School; 57 hours of service
- Madeline Wallin, Bluffton High School; 84 hours of service
- William Fallocchio, Bluffton High School; 67 hours of service
- Karmine Jiminez Adame, Bluffton High School; 54 hours of service
- Jorge Chirino, Bluffton High School; 50 hours of service
- Lee Kirkland, Bluffton High School; 50 hours of service
- Ronald Reid, Bluffton High School; 50 hours of service
- Gavin Watlins, Bluffton High School; 50 hours of service
- Perla Jimenez, Bluffton High School; 51 hours of service
- Valerie Barajas, Bluffton High School; 52 hours of service
- Nicholas Patterson, May River High School; 70 hours of service
- A’Naya Marshburn, May River High School; 68 hours of service
- Madison Hart, May River High School; 75 hours of service
- Brenna Mayer, May River High School; 52 hours of service
- Kaitlyn Pangilinan, May River High School; 85 hours of service
- Kayla Anfinson, May River High School; 53 hours of service
- Monique Webley, May River High School; 54 hours of service
- Faith Shupard, May River High School; 51 hours of service
- Jenny Nguyen, May River High School; 76 hours of service
- Stephanie Manun, May River High School; 54 hours of service
- Sophia Disario, May River High School; 165 hours of service
- Gabryelle Welsch, May River High School; 130 hours of service
- Alyssa Roberts, May River High School; 103 hours of service
- Gracie O’Riordan, May River High School; 102 hours of service
- Emma McCarthy, May River High School; 102 hours of service
- Olivia Dzieciolowski, May River High School; 135 hours of service
- Sophie Walrad, May River High School; 110 hours of service
- Margaret Faciszewski, May River High School; 167 hours of service
- Beau Bischoff, May River High School; 151 hours of service
- Jayani Wilkin, May River High School; 51 hours of service

Mayor Sulka acknowledged Brandon Velasquez Salazar, 10th grader from Bluffton High School for receiving the Beaufort County School District Student of the Month award the character trait of “self- control.”

Mayor Sulka read the following Proclamations:

- National Historic Preservation Month Proclamation
- Mental Health Awareness Proclamation
- Lowcountry Foundation for the Wounded Military Heroes Proclamation

Public Comments:

Julia Herrin, 22 Woods Bay Road – Stated she represents the Miss South Carolina Teen Scholarship Organization. She is currently Miss Columbia Teen but lives in Bluffton. For the past 5 years, the Hilton Head Island Bluffton Scholarship Organizations has been in place in Bluffton but due to lack of community support the pageant wasn't able to take place this year. This program provides scholarships for young women and is a community service minded organization. Girls who participate average approximately 250 hours of community service per year. The organization also supports the Children's Miracle Network Hospital. Herrin asked for ideas regarding who to contact in the area to help support and back the organization.

Randy Boehme, 37 Hopes Neck Drive – Thanked the Town of Bluffton to help clean up litter; launching Keep Beaufort County Beautiful soon.

Linda Klingman, 103 Red Tail Drive – Lives in Sun City; small business owner who needs a business license everywhere she works which requires her 5 business license this year; asked that council reconsider doubling the Business Licensing Fees for Bluffton residents.

Sandeep Patel, 29 Hager Road – Seagrass resident; opposes the proposed extended stay hotel due to high crime rates and it is not safe for children; stated there is a petition with hundreds of signatures in opposition to the hotel.

Skip Hoagland, Windmill Harbor – Need seven council members; should not have two chambers of commerce; said government needs transparency. He characterized Mayor Sulka and Town Attorney Terry Finger as "crooked" several times in the course of his comments.

Communications from Mayor and Council:

Sulka stated that the cones on May River Road have been removed and encouraged the public to look on the website for an overview of Town projects.

Sulka mentioned that a student, Joseph Kelly is working on an app for volunteer service hours and let the public know that if anyone wanted to assist Joseph with the app logo to reach out to the Town.

Lutz stated that he was proud to work with the other members of Town Council and that he was proud of the work Town Staff.

Formal Items:

Consideration to Approve On-Street Parking Spaces on May River Road to be Designated as Loading Zones for Specific Times – First Reading – Heather Colin

The Old Town Inn, a 3-story, 14-room boutique hotel at 7,670 square feet, is located at 1321 May River Road in the Promenade development and zoned Neighborhood Core – Historic District. The owner of the Inn, Landmark 2 Developers, LLC, has requested that Town Council allow two on-street parking spaces be designated as “15 minute parking only” between the hours of 7 a.m. and 3 p.m. for the hotel only and “no parking, loading zone” during the hours between 3 p.m. and 5 p.m.

The public on-street parking spaces on May River Road have been approved and installed according to the plans submitted to the South Carolina Department of Transportation (SCDOT). SCDOT does not regulate the use of the individual spaces and specifically stated that they have no obligation to the request, provided there are no changes to the approved parking plan.

The Old Town Inn was approved November 2, 2016 by the Historic Preservation Commission. Parking and associated operation were addressed through the review and approvals of the certificates of appropriateness, development plan, and building permit. The requirements were met through the use of parking immediately adjacent to the site and through a parking agreement with the nearby church. As the inn is nearing completion, the owner has requested that the spaces in front of his establishments be designated to meet the needs of their business plan.

After some discussion, the applicant, Vince Harrison was asked by Mayor and Council to look into what similar hotels are doing in Savannah and surrounding areas and to resubmit a detailed parking plan.

Harrison was asked respond to the following questions:

- How close would the proposed parking spaces be to the 4 –way stop?
- How will the spaces impact traffic?
- How will we “police” the spaces and who is in charge?
- Will there be fees paid to the Town for use of the spaces?
- Are the spaces shared with other businesses?
- What was the Inn’s original plan in 2016?
- Is the inn considering prepay valet parking?

Mayor Sulka asked Staff to look into a general loading zone that could be used by all businesses equally.

The applicant was invited to approach Council for reconsideration once the requested information has been provided through Town Staff.

Wood made a motion to table Consideration to Approve On-Street Parking Spaces to be Designated as Loading Zones for Specific Times. Toomer seconded. The motion carried unanimously.

Consideration of Approval of an Ordinance Amending the Town of Bluffton Fiscal Year 2018 Budget to Recognize Additional Expenditures and to Allocate the Sources of Revenue for All Funds – First Reading – Trisha Greathouse, Director of Finance and Administration

Greathouse gave an overview. Greathouse stated that the proposed ordinance would amend the FY 2018 budget to increase the General Fund by \$160,000 to account for a higher than expected increase of properties included in the Waste Management contract with Town growth, the cost to the Bluffton Police Department for MiFi service previously supported by the Beaufort County Sheriff's Office budget and funding necessary to support due diligence services for a potential land acquisition opportunity and to increase the Capital Improvements Program (CIP) Fund budget by \$106,440 to account for the donations to Oscar Frazier Park from the Hilton Head Island-Bluffton Chamber of Commerce Leadership Class and the Bluffton Rotary Club for the Imagination Train and the playground turf as well as land acquisition project costs for due diligence services for a new consolidated budget of \$43,994,484.

Toomer moved to approve an Ordinance Amending the Town of Bluffton Fiscal Year 2018 Budget to Recognize Additional Expenditures and to Allocate the Sources of Revenue for All Funds on First Reading. Wood seconded. The motion carried unanimously.

Consideration of an Ordinance Amending the Town of Bluffton Code of Ordinances, Chapter 6, Business and Business Regulations, Article II, Business Licenses and Regulations – First Reading – Trisha Greathouse, Director of Finance and Administration

Greathouse gave an overview. Greathouse stated that during the FY 2017-2018 Strategic Action Plan process, Town Council established a road map for activities and initiatives that achieve the vision for the Town and ensure Bluffton is poised to capitalize on opportunities that advance key initiatives. One of the Strategic Plan's Strategic Focus Areas is Community Quality of Life. This Focus Area contains Action Items intended to review Town Code and align with provisions within State Law, Unified Development Ordinances and best practices. The goals of the amendment process are for the Town to be regionally competitive and to streamline practices and the business license application procedures to simplify the process.

Under S.C. Code 1976, § 5-7-30, Municipalities may levy a business license ordinance based on gross income. Per the Municipal Association of South Carolina (MASC) a Business License Tax is a method of requiring a business or occupation to contribute its share in support of the government "as it regards the profits or advantages of such occupations."

Per Town of Bluffton Municipal Code Sec. 6

“Every person engaged or intending to engage in any calling, business, occupation or profession in whole or in part, within the limits of the Town of Bluffton, South Carolina, is required to pay an annual license tax for the privilege of doing business and obtain a business license...”

The Town’s current rate schedule exceeds 20 different rate classes and has been in effect since January 2006 with no changes in rates or class structure since its adoption. The current rate schedule is complicated and outdated with varying base fees, base allowances and per thousand rates.

In response to businesses desiring a more streamlined business license process that is less cumbersome and more uniform across the state, MASC provided a model business license ordinance that establishes a common rate structure of eight tax classes based on the North American Industrial Classification System or NAICS with one base allowance. Additional initiatives call for a standard definition of gross income, standard license year, standard license due date and an establishment of an online payment portal.

Our regional partners, the City of Beaufort, Beaufort County and the Town of Hilton Head Island, all currently utilize the 8 rate class structure and model ordinance with some customization. Ideally with the adoption of the Ordinance, businesses in the region will have the same rate class based on their NAICS code whether they are doing business in Bluffton or another municipality. However, municipalities have adopted varying base fees, base allowances, and per thousand rates depending on the rate class and the services, demographic and economic prospects available to the businesses within the municipality.

This spring the Town has held two Council Workshops in March and April, a Community Workshop attended by area businesses, the Realtors’ Association and the Greater Bluffton Chamber of Commerce and published and advertised a Community Survey for business input on a number of amendment considerations. The Community Business License Survey results are included in Attachment 3. Discussions during the amendment process and feedback received include the following:

1. Replacing the 20+ Rate Classes to 8+ Rate Classes per MASC Model Ordinance based on NAICS codes
2. Standardized Base Allowance (\$10,000)
3. Standardized Base Fee (\$50) to cover administrative costs
4. Establish a per \$1000 Rate - Escalated based on rate class starting at \$1
5. Rates for In Town Businesses vs. Nonresident rates – Consistent with regional partners doubling nonresident rates was supported.

6. Establish a new Renewal Due Date of May 31st consistent with Beaufort County and the Town of Hilton Head as determined by the Community Survey results. Additional dates considered were December 31, April 15 and April 30.
7. Allow Town Manager or designee the authority to adjust late fees if justified
8. Concern on the effects to Small businesses - The Model Ordinance uses the NAICS code and bases the tax on business annual gross income. The rate classifications based on NAICS code are calculated within an index that looks at a business type's ability to pay based on national averages, benefits, equalization of tax burden, relationships of services, etc.
9. What other incentives are used by municipalities across the state?
 - a. Hardeeville - Fee Discounts (Similar to Bluffton's \$25 million cap)
 - i. Fee between \$50,000 and \$75,000 deduct 10%
 - ii. Fee between \$75,001 and \$100,000 deduct 15%
 - iii. Fee over \$100,000 deduct 20%
 - b. Greenville – Anniversary Incentives
 - i. 10 years – 5% discount on tax
 - ii. 15 years – 7.5% discount on tax
 - iii. 20+ years – 10% discount on tax
 - c. City of Beaufort – New Resident Business Incentive (similar to proposed in amendment based on feedback from Council and Community Workshop)
 - i. First Year of Renewal pay 40% of tax
 - ii. Second Year of Renewal pay 60% of tax
 - iii. Third Year of Renewal pay 100% of tax
 - d. Requested Incentives for Resident Businesses with Multiple Locations (10%)
 - i. Same Owner Structure
 - ii. Same NAICS Code

MASC has provided municipalities with a dashboard to help forecast the effect of changes to the class structure, base allowance, base fee, and rate per thousand for resident and non-resident business taxes. The Town of Bluffton issued approximately 3100 business licenses in CY 2017. Using the dashboard the Town estimated the increases/decreases and averages for various industries doing business in Bluffton located in Attachment 2. Most changes are due to the doubling of nonresident rates consistent with regional partners or changes in the per thousand rate based on the classification under the MASC Model Ordinance.

In addition to the classification and rate schedule changes, two new incentives are proposed. The New Resident Business Incentive will continue to license new businesses for the Base Fee for the first year of business and then allow for a prior year gross income reduction of 40% in the first renewal year, 20% prior year gross income reduction in the second renewal year and a 10% prior year gross income reduction in the third year of renewal. The Multiple Location Incentive allows a

business owner(s) who maintains two (2) or more resident business locations under the same NAICS code to deduct 10% for each location from its prior year gross income in its annual license tax calculation.

With the effects of the changes in the fee schedule, new proposed incentives, and anticipated new business generated within the Town, staff expects the difference in Business License Revenue to be manageable within current proposed budget forecasts for FY 2019. Future year adjustments to the fee schedule are anticipated in the event the Town under performs or overshoots the budget forecast.

The considered amendments to the Business License Ordinance were heard at a Town Council Workshop on March 13, 2018. Following was a Community Workshop and Discussion Session on April 26, 2018 at the Rotary Community Center for citizens and business owners. A Business License Survey was also made available for the public to provide feedback from April 22-30 for community feedback.

Lutz made a motion to approve first reading of an Ordinance Amending the Town of Bluffton Code of Ordinances, Chapter 6, Business and Business Regulations, Article II, Business Licenses and Regulations limiting the number of rate classes, adjusting the fee schedule, changing the renewal date and including additional incentives. Toomer seconded. The motion carried unanimously.

Resolution in Support of the Adoption of the Town of Bluffton Strategic Plan for Fiscal Years 2019-2020 – Scott Marshall, Deputy Town Manager

Marshall gave an overview and provided Town Council with a copy of a summary of FY 2018 Town of Bluffton Strategic Plan accomplishments and a comprehensive status report of all FY 2017-2018 Strategic Plan Action Agenda Items, as revised and adopted in June 2017.

Marshall stated that following a comprehensive strategic planning workshop held on January 19, 2018, and with significant input from Town Council, Town Staff drafted a formal Strategic Plan for fiscal years 2019-2020. The Plan identifies planning objectives and action items that will provide policy guidance in managing and directing the application of Town resources.

After the FY 2019-2020 Strategic Plan is adopted, it will be published and be made publicly available on the Town of Bluffton website.

Toomer made a motion to approve the Resolution Adopting the Fiscal Year 2019-2020 Town of Bluffton Strategic Plan as presented. Wood seconded. The motion carried unanimously.

Consideration of an Ordinance Approving the Town of Bluffton Fiscal Year 2019 Proposed Consolidated Budget – First Reading – Marc Orlando, Town Manager

Town Manager Marc Orlando gave an overview. Orlando stated that the proposed financial plan supports our Bluffton Town Vision that states, “Bluffton, the heart of the Lowcountry, a town that appreciates the past, focuses on today and is planning together for a greater future.” This financial plan provides the resources and staff for all of our commitments to making Bluffton a better place.

The proposed consolidated budget concentrates on the Town of Bluffton Strategic Plan priority Focus Areas that include May River & Surrounding Rivers and Watersheds, Town Organization, Economic Growth, Fiscal Sustainability, Community Quality of Life, Affordable and/or Workforce Housing, and Infrastructure.

The proposed consolidated budget consists of four funds, the General Fund, the Stormwater Fund, the Capital Improvements Program (CIP) Fund, and Debt Service Fund.

The proposed consolidated budget includes a proposed tax millage rate of 38.50, 35.30 mills for the General Fund and 3.20 mills for the Debt Service Fund. The continued growth in our community, both residential and commercial investments, has provided a strong financial position for the Town. Every five years, counties in SC appraise real property to true up the market values of all parcels in the jurisdiction. Reassessment is not intended to raise taxes, but to distribute them more fairly. The Town saw an overall increase in market values therefore a “rollback” of the millage was necessary to keep property taxes consistent.

The General Fund accounts for and reports the financial resources for the Town’s primary operating fund. Principal sources of revenue are property taxes and licenses and permit fees. The General Fund budget is 61.3% of the consolidated budget at \$20,116,576 and includes a one-time fund balance transfer of \$1.4 million to the Capital Improvement Program fund specifically for Town Hall Renovation.

The Stormwater Fund accounts for and reports the financial resources of all stormwater-related expenditures including Watershed Management staffing and operations, routine watershed maintenance and capital projects. The primary source of revenue is stormwater utility fees. The Stormwater Fund budget is 5.3% of the consolidated budget at \$1,752,265 and includes a transfer of funds to the Capital Improvement Program Fund for stormwater related projects.

Capital Improvement Program (CIP) Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays including the land acquisition and/or construction of capital facilities and other capital assets. Capital projects are primarily non-recurring in nature. All capital categories require a unit cost threshold of greater than \$5,000, except roads, buildings, and computer software (recorded in the general fund)

whose threshold is \$50,000. The CIP budget is 27.0% of the consolidated budget at \$8,844,153 and supports diversified projects throughout our Bluffton neighborhoods.

Debt Service Fund accounts for the accumulation of resources for the payment of interest and principal on general long-term debt obligations. The primary source of revenue is property tax and bond proceeds. The Debt Service Fund budget is \$2,111,236 or 6.4% of the consolidated budget and supports the debt service for the 2014 Tax Increment Revenue Bond, 2010 General Obligation Bond for the Law Enforcement Center at Buckwalter Place, a transfer to the Capital Improvement Program Fund for allowable projects, and future debt payments and allowable expenditures.

Orlando stated that there will be two Budget Workshops in the coming weeks – Wednesday, May 16 to review each fund (General Fund, Debt Service Fund, and the Stormwater Utility Fund) and on May 21 to review the Capital Improvement Program Fund in detail.

Toomer made a motion to approve on first reading, an Ordinance Approving the Town of Bluffton Fiscal Year 2019 Proposed Consolidated Budget. Lutz seconded. The motion carried unanimously.

Consent Agenda:

1. Monthly Department Reports: Police, Finance/Administration, Engineering, Don Ryan Center for Innovation, and Growth Management
2. Town Manager's Monthly Report
3. Kids to Park Day Proclamation
4. Building Safety Month Proclamation
5. Municipal Clerks Week Resolution
6. Approval to Amend June 2018 Council Meeting Date

Wood made a motion to accept the Consent Agenda as presented. Toomer seconded. The motion carried unanimously.

Public Comments:

Charlie Wetmore, 1 Coquena Drive, Savannah – Represents the Greater Bluffton Chamber of Commerce; Stated that the Taste of Bluffton event was successful, despite the rain this year and thanked everyone for coming out.

Toomer made a motion to adjourn. The meeting adjourned at 8:28 p.m.

Mayor

Town Clerk