

Aiken City Council Minutes

WORK SESSION

April 4, 2016

Present: Mayor Osbon, Councilmembers Dewar, Diggs, Homoki, Merry, and Price.

Absent: Councilmember Ebner.

Others Present: John Klimm, Stuart Bedenbaugh, Gary Smith, Sara Ridout, John McMichael, Gary Allington, and Dan Brown of the Aiken Standard.

Mayor Osbon called the work session to order at 4:00 P.M. He said there are two items that he would like for Council to discuss at this work session. He pointed out that Councilman Ebner would not be at the meeting and Councilman Merry will join the meeting late. He said the items to discuss are the Business License Rebate Program and the Strategic Plan Report and consideration of a mission statement and vision for the city. He said he would like for Council to consider the Strategic Plan Report and the mission statement and vision for the city first. He pointed out that Councilman Merry wanted to have input on the Business License Rebate Program.

STRATEGIC PLAN REPORT

Mission Statement

Vision

Mayor Osbon stated the first item to discuss is the Strategic Plan Report and the mission statement and vision for the city.

Mr. Klimm, City Manager, stated a copy of the report from The Boudreaux Group who facilitated Council's Strategic Plan Retreat was provided to Council in the agenda packet for review. He said the report is a summary of what happened at the Council Retreat on February 12, 2016. He pointed out that the report contained a listing of priorities. He said staff would like for Council to validate their priorities as this needs to go in the budget package. He asked that Council review the report to be sure it captures what Council wants or if changes need to be made.

Councilman Dewar stated he was disappointed with the process. He felt it developed into a wish list of all the things we would like to have done for the city as opposed to what he expected which was that Council would talk about their goals and priorities would be for the next year. He felt there are some things in the listing that do not belong. He pointed out there are some issues with the schools and the School District would have to work on those issues. He said he did not like the idea of using dots to determine priorities. He said there are seven Councilmembers, and he felt that the seven should have been able to determine the priorities for the city. He said for the Strategic Plan in the past he had been used to the short term goals, mid-range, and long-term goals. He said he felt the biggest problem the city is facing is infrastructure.

It was pointed out that infrastructure and Northside development were both number 1 priorities. Councilman Dewar stated to have Northside as a goal is different than the Northside Park and from the Senior/Youth Center at Eustis Park. He said he understood Northside is business development and growth of the north side. He wondered what it would take to get development on the northside moving.

Councilwoman Price stated that it would take some incentives to develop the north side. She pointed out that the infrastructure was in place on the south side so the south side developed. However, the infrastructure was not in place on the north side. Usually growth occurs from an interstate into the city, but the infrastructure was not in place in Aiken to encourage the development from the interstate into town. It was pointed out that a big business is needed on the north side which will attract residential areas. It was pointed out that business has not grown up around the interstate or the airport.

Councilman Dewar asked how we go about getting a big business to locate on the north side. Councilwoman Price stated she felt there would have to be some incentives to encourage business development. She pointed out that many cities offer incentives for development.

Councilman Dewar pointed out that we are competing with Sage Valley and North Augusta for businesses. It was pointed out that development on the north side will not happen overnight.

Mayor Osbon stated when the plan is adopted it talks about forming task forces and for the groups to come back to Council with a time line of options. He said development of the north side may not happen soon, but it is about getting a plan in place.

Councilwoman Price pointed out that we need to establish a relationship with the Board of Realtors and get their feedback as the realtors can help a lot as they are an influential group.

Councilwoman Diggs stated it seems that we need another strategy just for development and marketing of the north side.

Councilman Homoki stated the south side does not have a lot of industry other than SRS, but there are a lot of restaurants. He suggested working with the Verenes Industrial Park and instead of working from the city out to I-20, work with Verenes Industrial Park and work from I-20 toward the city.

Councilwoman Diggs pointed out she felt development of the Northside Recreation Park would help with development on the north side.

Councilman Dewar pointed out that a speaker at the Chamber of Commerce had said that a city should find a label for the city so it would be known as X city in developing a marketing plan. He said the challenge is who do we go to, what do we say, and how do we entice them to come to Aiken, especially on the north side.

Mr. Klimm pointed out that one of the things mentioned at the Chamber breakfast is the importance of marketing. However, we don't have a consistently clear cut marketing strategy implemented.

Councilman Dewar pointed out one way to grow our city would be to annex the donut holes and market the city to those outside the city. He said annexing residential would help grow the city, but we also need industrial growth. He pointed out we hear that businesses don't want to come into the city because of the business license tax. He said, however, according to the list from the Finance Department most of the businesses pay less than \$100 for a business license. He felt the city has a lot of work to do in marketing the city.

Mayor Osbon stated he felt the city should be very proud of its services and staff and should market annexation to the city. He pointed out that the Lower Savannah Council of Governments had some successful annexation policies from other cities that we could look at. It was felt that we need to develop an annexation policy.

Councilman Dewar stated he felt marketing of the city was very important. He felt a committee should be structured to start marketing of the city. He felt we need outside help in the industrial development on the north side. He pointed out that we have an airport and some industrial parks that all need to be marketed.

Mayor Osbon stated he thought it had been recommended that four task forces be appointed. He asked that Councilmembers and others suggest names of persons they felt would be an asset to the task forces to be formed. He said the task forces are: Northside Development, Parkways and Connectivity, Downtown Housing, Marketing of the city, and Entrepreneurial Environment.

Councilman Dewar pointed out the task forces need to be structured in a way to get the information out to the community because we have a lot of talent in the community who might be willing to help. It was pointed out that a task force has a beginning and an end. Mr. John McMichael stated he was working on setting up a meeting with a group from USCAiken and others regarding the entrepreneurial environment.

Mayor Osbon stated it seemed that Council was okay with proceeding with the priorities as listed in the Strategic Plan and with appointing task forces for the priorities.

Councilman Dewar pointed out there are nine very important items listed in the plan. He said Council now needs to get the task forces established and moving.

Councilman Merry arrived at the meeting at 4:25 p.m.

BUSINESS LICENSE REBATE PROGRAM

Mayor Osbon stated the next item for discussion by Council was the Business License Rebate Program. He said staff is working on the budget and they need to know the desires of Council and sense of direction as to how to prepare the budget on this program.

Mr. Klimm stated to implement the Business License Program the matter would have to go before Council. The question before Council at this time is whether there is a majority of Council that wants to go forward with the Business License Rebate Program.

Councilman Dewar stated the program had been discussed by the Administration and Finance Committee. He said the Mayor had asked that the matter be deferred to the whole Council for a recommendation. Councilman Dewar stated he was not a fan of the program. He said it would almost be like picking winners and losers. He also felt we don't have enough money to make a significant input to someone when we talk about how much business license rebates would mean to the individual businesses. He said he felt that if someone is going to invest several thousand dollars to come to Aiken and open a business that giving them \$30 or \$75 on a license rebate would not make much of a difference. He said the problem is how do you differentiate. He said you can't compare a small restaurant with a hotel or Walmart, but if you give to one you have to give to the other. He felt such a program needs a lot more money than we have for the program.

Councilman Merry stated that he was involved in setting the program up to be included in the budget. He felt it was not picking winners and losers because it would be available to everybody and every business under the same criteria. He said the reason for the program to be paid out of the Reinvestment Fund was that it would not create any kind of operating account. Whatever we would do in terms of reduction of business license fees through the rebate program and other incentives would be funded by money that was in the Economic Reinvestment Fund. He said this is a very successful program that has been done in a number of other cities around the state. In some places they do specify certain districts or territories and grant the incentive for longer than three years. They all do the program for at least a three year abatement which is different from a rebate. He felt the program is a difference maker to some businesses. He said a small business could easily have a \$500 business license fee. He said that is a lot of money when you are setting up a business. Councilman Merry stated that one of the most frequent complaints from the business community is the business license fee. He said there had been calls for removing the business license fee entirely, and revamping the program.

Councilman Merry stated his proposal was that at the outset to help a new business and the small business person starting out. It was to not only give a financial benefit, but a recognition to show that the city is business friendly and interested in businesses. He said he has no study data, but would like to get data on how many dollars that would really be. He said it was estimated when he did the proposal over a year ago. He said it may be less than \$100,000 but to a small business it is a notable thing. He said the proposal is one of many incentive programs that he would like to offer. Part of the idea of the Reinvestment Fund is that it would reinvest in the community and in the business community and take some of the egregious and enormous burdens that the city places on businesses off, or at

least show a good faith first step in that regard. He felt it would demonstrate that the city is taking an honest and hard look at that. He said there are countless ways that the city makes it hard for businesses to do business and be successful. He said this program would be the first of a number of steps that he would advocate. He said there is no cost to the city in terms of taking money out of our operations account for the program. The point of this is to do something for businesses without taking anything away from the operation funds of the city. He said we could do something for our businesses without it in any way diminishing the services or programs that the city offers to everyone. He said the proposed program had worked well in other cities. It is one of a list of things that he is in favor of. He said he has ordinances from other cities. He said he liked the idea of abatement. He said it is one of the first steps and there is really no cost to the city for doing it aside from logistics of putting it into place. He felt the program could be symbolic and effective.

Councilman Homoki stated once the program is started can the city stop it without causing problems. Councilman Merry stated if it were stopped we would probably want to phase it out or people would be upset if they did not get the full benefit of the savings over the three year period.

Councilman Dewar stated he was not sure the program is legal. Councilman Merry stated the program is not illegal. He said laws are made to tell you what you cannot do otherwise you have the freedom unless it has been taken away by statute or ordinance or law. There is no law which says that the business license rebate program is not legal. He pointed the program is being done all over the state. He said he has a copy of the state statute which creates the business license law as well as an interpretation by the former attorney for the Municipal Association of South Carolina.

Councilman Dewar stated it is legal only in the sense that in South Carolina apparently the way you run a government is to do whatever you want until you get sued and are told you are in violation of the law. He felt the business license tax law is pretty clear. It has nine categories and gives you the percentage for each category. It does not say that you can change that percentage unless you do it the same for everybody. If you go down 1/2% you have to go down 1/2% for all nine categories. He questioned how you could say to a new business coming in that we would give them a break, but for the business that has gone through the process and is already here you don't do anything for them. For example, we have several bakery shops here and they are making it, but under the proposed program we would subsidize a competitor to come in. The new business may consider the program an incentive, but the present businesses would not. Councilman Dewar questioned how many businesses we have that pay more than \$500 for a business license tax. He pointed out that the last list he saw most of the businesses pay less than \$100 for a license.

Councilman Merry pointed out that we need to not only look where we have been and where we are, but look at where we want to be. He said because we have three bakeries, he does not want to say we don't want any more bakeries or that we only have X number of businesses paying \$500 so he does not want anybody else paying more than \$500. He said we need to look where we want to go and the rebate program will help us get there. He said the program won't make a world of difference for anybody, but it is one of many pieces of the puzzle. He said it takes a lot of small pieces. He said the rebate program is one of the small pieces of the whole. The program will not make or break the city or make or break any of the businesses, but it will help and encourage businesses. He felt there is little to no down side to the proposed program.

Councilman Dewar stated he felt there is a down side. He said it would be taking \$165,000 that the city controls and putting it on the program. He said in his view the program is picking winners and losers. He said the \$165,000 could be used in other areas of economic development such as a marketing program for the city. He said it is city money that would be used. Councilman Merry pointed out that it would not be for certain businesses, but would be for every business and every category.

Councilwoman Price pointed out she is familiar with about 70 businesses that are at Perry Park every year. They are working out of their homes. They don't know how to market

effectively, and they want to eventually have a store front. She pointed out they could be placed in an incubator situation in one big facility like in Raleigh, North Carolina. We could bring people in to help them with their marketing, and as they grow and move out the city could help them with their store front. She felt that kind of thing would be ideal because these people have never physically owned a location. However, for a national chain the program probably would not mean anything to them.

Council continued to discuss the proposed program. Councilman Dewar pointed out that an incubator program seemed to be a good thing to do, but he was just not a fan of a city-wide business abatement or rebate program with one reason being we don't have enough money for such a program to be meaningful. Councilman Dewar stated if Council is serious about the business license rebate program and wants to go forward he would suggest that Council have another work session and invite the business representatives. He felt if Council does want to have the program, it needs to be defined better. He said he feels it is not legal, and Council could ask for a legal opinion on the matter. He said he does not like operating under the idea that because it has not been ruled illegal that it must be okay.

Councilwoman Price felt having another work session with the business representatives present would be a good path forward.

Mr. Klimm stated if the city is to implement the program, the Finance Department needs to know right away because of the budgeting process. He said he applauds Councilman Merry for wanting to send the message that we want to be more pro-business. He pointed out now that we have had the Hospitality Tax for a while, is this business license rebate program the best use of our money. He felt Council needs to spend enough time that they feel comfortable not only answering the question as to whether this is a good program, but whether it is the best thing we can think of for the limited funding that we have. He pointed out that he was at the Chamber breakfast last week where the speaker talked about the value of branding and marketing and what other communities have gotten out of it. He said after the meeting he asked several business people what their thoughts were on the business license rebate proposal. He said he did not find anyone who was familiar with the program. He said he was not sure the business community is aware of the program. He said that is the purpose of bringing this to Council and having a public hearing so people will know about it. He felt it was odd that we are trying to implement a program to help the business community, and he is not sure whether we have had enough time to ask the business community what they think about the expenditure of the money. He said those he talked to felt we need to market the community better and brand the city. Councilman Merry pointed out that there are other programs, but they have not been tried so it was felt that it would be better to consider a program that has stood the test of time in other places.

Mr. Klimm stated a concern is that if we start this business license rebate program that it would be hard to stop it. He said he just wants Council to have a level of comfort that we have analyzed the situation and feel really comfortable that this is the best program moving forward as opposed to taking the \$165,000 and doing something else.

Councilman Merry pointed out that the Hospitality Tax lets the general public know exactly and control exactly how much they spend with the Hospitality Tax. When they go out to eat they know how much they spend. They also know who passed it, and if they don't like it they can be voted out of office. He said with the business license fee the citizens don't know just like with the franchise fee. He said he has a personal problem with hidden taxes and fees the citizens don't know they are paying. He said people pay all of the money as the government does not make money. He said he would rather have a tax that the citizens can see, touch and feel. He said one of the ideas with the Hospitality Tax is to give the citizens relief from one of the hidden taxes. He pointed out that there are about 1,775 business licenses inside the city which pay the bulk of the business license fee. However, with the Hospitality Tax, there are 200,000 people contributing to that tax, not just the citizens of Aiken.

Council continued to discuss the business license program. Councilman Dewar pointed out that a purpose of the business license program is to generate revenue for the city. Mr.

Gary Smith,

City Attorney, pointed out that the sole purpose of the business license is not just to generate revenue. The second purpose is to have a system in place to regulate businesses in the City of Aiken. He pointed out businesses can be closed down and not issued a business license if not operating properly.

Councilman Dewar stated he could not see the \$165,000 for the business license rebate program helping much, but the \$165,000 could be used for a marketing plan for the city. Marketing the city could help all the businesses.

Mr. Klimm stated no matter what we do there will be criticism as to whether the program is a wise investment. However, if we get prominent business people saying that it is not what they would do, it could become an issue. He said perhaps Council could come up with a few top options and come up with the best bang for the buck and then include some of the business community. He pointed out there is criticism out there, and as of now the business community has not been included, but we are supposed to be helping the business community. He said he did not know if we had talked to the Chamber and the Aiken Downtown Development Association about the program and if we had asked for their advice and ideas on what would be the best use of the money.

Councilman Merry stated he was not in a hurry to implement the program, but felt that it would help the business community.

Mayor Osbon stated he felt that Council needed a work session at the next Council meeting to discuss the business license rebate program. He pointed out that presently the city has no continuity in our marketing program; we have no common theme. We have different logos all over the place. He felt something that pushes Aiken would benefit every business in Aiken.

Mayor Osbon stated he knew that Councilman Merry had spent a lot of time and work on the proposed business license rebate program. He said giving money back for taxes as a rebate or some other way is always something that should be considered. However, he said in looking at the priorities, he did not know that it is at the top of the priorities.


Councilman Merry stated he appreciated Council's discussion on the matter. He said his idea was to provide some tax relief to businesses.

Mayor Osbon stated he and Councilwoman Price had talked at some length about home businesses that people operate because they have a trade. He said they had talked about partnering with SCORE on this matter. Mr. John McMichael stated he had talked with the business faculty at USC Aiken and told them that the city had some needs and there seems to be some interest in working with the city. Mayor Osbon stated he was excited about the possibilities and resources that may be available.

Mayor Osbon asked that a work session be set before the next Council meeting to discuss the business license rebate program and invite the business community to attend.

ADJOURNMENT

There being no further business, the meeting adjourned at 5:05 P.M.


Sara B. Ridout
City Clerk