

Aiken City Council MinutesWORKSESSION

October 28, 2013

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

Others Present: Richard Pearce, Gary Smith, Stuart Bedenbaugh, George Grinton, Kim Abney, Tim Coakley, Charles Barranco, Glenn Parker, Ed Evans, Sara Ridout, Tim Grow, and Tim McNeish.

CALL TO ORDER

Mayor Cavanaugh called the meeting to order at 5:32 P.M.

AUDIT

Mayor Fred Cavanaugh welcomed everyone in attendance and stated the purpose of the meeting was to have a presentation of the FY 2012-2013 Audit of the City of Aiken finances.

City Manager Richard Pearce stated he provided City Council with a cover memorandum, a memorandum from Finance Director Kim Abney, and copies of the minutes regarding the selection of Elliott Davis to be the auditor as well as some information that Elliott Davis provided us – the original proposal and some additional information. City Council was also given the résumé for Tim Grow, who is present along with Tom McNeish. He stated he felt it would be a good idea to have a Worksession to go through the annual audit for the benefit of two new councilmembers. He stated the Audit Report is a presentation on the agenda for the regular City Council meeting at 7:00 p.m.

Mr. Tim Grow, of Elliott Davis, stated Laurie Smith, who was the audit shareholder for the City of Aiken, retired September 30, 2013. Mr. Grow asked to be involved with the City of Aiken audit. He has done the Aiken County School District audit for several years. He is familiar with the community, and Cammie Hayes worked for him for several years at Elliott Davis. He stated when you take the time to develop a career with somebody and you know what kind of person they are, it is nice to continue to work with them. Whenever you walk into an engagement, you have some presumptions you make, and what he knows about the staff is all very positive. He stated because it is his first year, he wants to stress the importance of this relationship. Tom McNeish is the Governmental Practice Chair for Elliott Davis. Elliott Davis is a Regional accounting firm. There are offices in four states. They originated in Greenville, SC, 80 years ago. The governmental practice is one of the identified specialty groups within Elliott Davis. They designate a lot of people to work in this environment. They work in it year round, not just after tax season. The City of Aiken is an important engagement for Elliott Davis and they want to make sure they have the right people to make sure questions are answered. He stated he wanted to talk about the audit process for the benefit of the newer councilmembers, what the contract is, how it is structured, and how it works from year to year.

Mr. Grow stated a proposal is done when Elliott Davis does a governmental engagement. He stated the proposal is for a period of time, in this case, three years. The proposal is the auditor's promise of what they can do over the next several years, assuming that the City is happy with the work that is produced and how they go about doing their job. The actual contract that Elliott Davis has with the City is renewed every year in the engagement letter. In the back of the Report to the City Council are the required communications with City Council. There is a copy of the actual engagement letter for this year. One thing they try to do is to articulate exactly what they want to accomplish, exactly what the relationship with the City is, what the roles and responsibilities are as

the auditor, what Management's rolls and responsibilities are, and how there is a direct line between the auditor and City Council. They work for City Council through Management to get the audit accomplished.

Mr. Grow asked City Council to look at the May 8, 2013, letter from Elliott Davis in the Report to the City Council. He stated in the first paragraph it states "The auditor is required to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement." Also, "The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of financial statement, whether due to fraud or error." He stated what this essentially says is the auditor does not look at every transaction. They design their tests around their assessment of the risks of a particular engagement. For a city, a revenue stream, or how the money is being spent, is a more significant area where time is spent. A lot of times there is some misunderstanding that auditors look at every transaction. The auditors would be there all year long and the City would not want to pay those fees. On the front end of the engagement, they talk to Management. They look at a particular engagement relative to other engagements and start some assessing on the front end and targeting those accounts and those areas where they think the financial statements would be susceptible to any errors or irregularities. They try to direct their procedures in those areas.

Mr. Grow stated, in the last paragraph, "Because of the inherent limitations of an audit. . . there is an unavoidable risk that some material misstatements may not be detected even though the audit is properly planned and performed. . ." "An audit is not designed to detect errors or fraud that are immaterial to the financial statements." He stated this reemphasizes that the auditor will not look at everything. They do provide a clean opinion on the City's financial statements for this year. That means the financial statements that were presented by Management, while there were some recommendations for some minor adjustments, for the most part, the financial statement is materially correct.

Mr. Grow pointed out the top of the second page, first paragraph, "We consider internal control relevant to the City of Aiken's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. . ." He stated the City is rather complex and there are a lot of transactions. They will select a sample of some of the transactions, but one of the things they want to do is to make sure they understand the processes and procedures that Management has put into place to try to avoid the opportunity to make errors. They consider those internal controls and test them if they plan on relying on the internal controls.

In the third paragraph, "Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control. . ." Mr. Grow stated there was one significant deficiency that was in the report, but no material weaknesses.

Mr. Grow referenced "The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework. Our audit will be conducted on the basis that management, and those charged with governance, acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- c. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;"

He stated this basically backs up what he had already said about not auditing every transaction. They identify those controls they consider to be relevant and are critical to

make sure the City has proper and accurate financial reporting and they design their tests to challenge those controls and see if they are effectively designed and if they are working.

Mr. Tom McNeish stated it was important to note that the language in the engagement letter is not Elliott Davis language. It is based on AICPA standards and there is a template that they use to edit and make changes, but not significantly different from what the AICPA and government auditing standards require them to include in the engagement letter.

Mr. McNeish stated there is one primary objective of the audit process. It is for the auditor to give their independent opinion as to whether the balances and disclosures in this comprehensive document are fairly stated. They are providing an opinion, that, based on their testing, the financial statements are not materially misstated to where the primary users – bond holders, people issuing debt, credit rating agencies, and granting agencies are able to pick up the document, and that the auditors have given an unqualified opinion, or otherwise, that the financial statements are fairly stated.

Councilman Dick Dewar asked what the role of City Council would be in the auditing process since they are not listed as primary users.

Mr. Grow stated City Council is interested in the fair presentation of financial statements. The auditors are also required to report procedural deficiencies. For example, if there was an expenditure that went out that did not have proper authorization, the auditor is required to report that to City Council. The financial statement audit is not designed or intended to detect procedural deficiencies or internal control deficiencies, unless they are so prevalent that they cause the financial statements to be materially misstated and therefore potentially mislead one of those three user groups who are using the financial statements to make a fiscal decision.

Mr. McNeish stated one of the things that is done as part of the audit process is they review the minutes of all of the City Council meetings. One of the things they are trying to determine is if Council is appropriately involved in discussions with Management to ensure that they are doing their job and paying attention and asking Management the right questions. That is also used to determine if there is any repetitive language or questions that Council may be asking Management that raises the auditors inherent concerns about anything in particular they need to pay attention to. He stated the auditors try to pay attention to what Council pays attention to.

Mr. Grow stated that on Page 3 of the Report to the City Council, it talks about Management's responsibility. "Management is responsible for identifying and ensuring that the City of Aiken complies with the laws and regulations applicable to its activities. . ." ". . . management is also responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse. . ." "Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse. . ." He explained that Management is largely responsible for designing all the appropriate procedures and putting them into practice. He stated the audit process continuously evolves. The auditors have some presumptions about what they will do, but the audit is a live process.

Mr. McNeish stated the procedures are not normally complex in nature; they are simply the things that occur in the Finance Department day to day – reconciling bank accounts, staying within the procurement code – what they refer to as internal controls that occur throughout the year. They are concerned about those because if a major internal control is not working as designed, or is not being implemented properly, there could be some material misstatement in the financial statements as a result.

Mr. Grow referenced the bottom of Page 4 of the Proposal to the City Council. He stated there was some recent correspondence with questions about the fee structure. When the auditor proposes an engagement, they have a presumption of what they are going to run into and the amount of time to accomplish their goals and objectives. There are times

when the auditors have to spend more time than they expected and there are times when they spend less time than they expected. If they are asked to do something in their judgment that is beyond the scope of what they consider their ordinary procedures, they will decide if they have done enough through the regular audit process to achieve the objective of which they are asked. They will let Council know it is beyond the scope of what they have done, and they will have to spend more time doing it. They would then ask for more fees. This is the reason fees may change. The auditor will give an idea of how much an additional fee would be and make sure the City agrees before they proceed.

Councilman Steve Homoki asked if the game plan for looking at different areas is the same every year.

Mr. Grow stated it is not the same every year. There are certain accounts, processes, and procedures they look at every year because they are critical, but they audit different areas each year.

Councilman Homoki asked if these areas are identified to the people the audit is being conducted on.

Mr. McNeish stated the audit standards require they have unanticipated procedures and that they are not static. They need to change from year to year.

Mr. Grow stated one of the things they are required to do in their planning process is to ask themselves where the financial statements are susceptible to material and where might these processes and procedures be susceptible to fraud. They try to change it up continually. When there is a long term relationship, they rotate the internal team they have on the job.

Councilman Dewar asked how Elliott Davis accounts for the issues they have had this year since a couple of Councilmembers called Elliott Davis directly. He asked if it was reasonable for a Councilmember to call the auditor to ask questions.

Mr. Grow stated it does not happen a lot. One of the reasons the contact information is on the cover of the board communication is so that they can be reached. He stated that sometimes the questions they are asked causes them to have to do a lot of research. When they have those situations, they try to incorporate that into the scope of the audit. When they have answered a question and it leads to several more and they spend a lot of time on them, then additional fees are talked about. Typically, routine questions are part of the audit process. One of the things they offer is to have a session to discuss any questions. He stated Management will know the details of the numbers in a lot more detail than the auditors will know.

Councilman Dewar asked if there was a financial guide to make it easier to look at and understand the audit.

Mr. McNeish stated the Government Finance Officers Association, for particular areas in financial reporting, issue a pamphlet to help understand the audit process in general. He stated he would check into it and let Council know.

Councilwoman Lessie Price asked if it would be customary, if Council wants detailed information when they receive the audit information, to talk to the Finance Director first, then if they are not satisfied, call the auditor.

Mr. McNeish stated that was correct. When the auditors are asked a detailed question, they will go ask the Finance Department to find out. He stated Kim Abney is very good at what she does.

Mr. Grow stated the auditors have to be skeptical as to whether the financial statements are materially misstated, so if there are concerns from Council, the door is open and as

part of the responsibility of the City, they expect to hear from Council if there are concerns. The City is the customer and it could affect the risk assessment.

City Manager Richard Pearce stated the independent auditors report goes over the scope of the work and some of the definitions of what some of the various sections are for.

Mr. McNeish stated one other thing on the economics of the engagement and the fee process; if the auditors are performing procedures, they are working within the audit scope, but if something is taking longer than they thought it would because of inefficiencies on their part, then that is the risk the auditor takes. There would not be additional fees in those cases.

Councilman Dewar stated he has never had an issue dealing with Elliott Davis on technical competence. His questions have been basic information questions.

Mr. Grow stated when it comes to the questions, he would be hesitant to give an immediate answer because he wants to be sure the answer he gives is thoroughly reviewed.

Councilman Dewar asked if it was correct to say that the auditor works for the Council and not for the staff.

Mr. Grow stated the relationship is directly with Council, but ordinarily, they work for Council through Management. There has to be a direct line between Council and the auditor.

Mr. McNeish stated that as the governing body, the City has set that tone. He has Councils' and governing boards to contact him more. That direct line of communication is key, and they expect it to some extent.

Councilman Dewar asked how staff knows which of the auditor letters should go to City Council and which ones should not. He referenced a May 8, 2013, letter. He asked if City Council should see this letter or if it was for staff.

Mr. McNeish stated the engagement letter, the representation letter, and any written correspondence that there is in terms of required AICPA documents that City Council would like to have in a package, the auditors are expected to accommodate.

Mayor Fred Cavanaugh stated he did not think staff should be excluded. He feels Council should get the letter, but staff should be copied as well.

Mr. Grow stated that one of the things that has come out of some more public audit failures several years ago was the publication of an official board communication. One of the objectives of this is to make sure that those charged with governance have a copy of all the official correspondence that the auditors have had between themselves and Management. All of that corresponds to time references in the back of the document.

Mr. Grow referenced the Report to the City Council. He stated that "Audit Planning Process" is when they spend a significant portion of the engagement accessing and doing their planning before they ever start the audit. They use their experience, their previous time spent at the city, and information and risk that they determine from other similar types of entities to help in the planning process to make sure they satisfy the objectives of the audit and make sure they spend their time and efforts in those areas where they consider to be the most relevant and a significant exposure to risk.

"Materiality in Planning and Executing the Audit" is a threshold that is used when they start developing their procedures over the audit. They set a dollar threshold based on their judgment. Sometimes they spend most of their time looking at those processes and procedures. That is to help the auditor make sure that when they issue the opinion, it is a materially correct financial statement.

He stated that the "Internal Control Relevant to the Audit" is said best as it is written in the report, "Our audit of the financial statements included obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed."

Mr. McNeish spoke about the "Auditor's Responsibility Under Professional Standards." He stated the auditor's responsibility is to design audit tests to understand what the Finance Department does, both in terms of approving processing transactions, and also all the transactions that occur during the year, how they are rolling that up into a monthly close and the annual close out that ends up in the financial statement numbers. Once that is done, the auditors test and then come back and ask if they can give the City an unqualified opinion that these statements are correctly stated in accordance with the General Accepted Accounting Principles. He stated they can always be questioned by the City, by the AICPA, by the Office of Management and Budget on a Federal level, by the GAO, and any of the granting oversight agencies can come in and audit the auditors. They have to have documentation to back up all the tests and the opinion that is put in the report. If they do not, then from a professional disciplinary standpoint they can be cited. There is an internal QC Department that will call and tell them they have randomly selected the City of Aiken's audit file and they have some comments to be cleared.

Mr. Grow stated one of the things they consider when they are performing the audit procedures are the accounting policies that the City uses. Most of those are within the framework of Generally Accepted Accounting Principles. Each year, as the audit is performed, they reconsider Management's adoption of their accounting policies, which is found in Note 1 of the Audit on Page 28. He stated they consider those as they perform their procedures. They consider how the City keeps their books and records. For this year, the auditors would like to bring to Council's attention if there is adoption of any new or significant accounting policies. Management adopted GASB Statement Number 63, Financial Reporting of Deferred Out Flows of Resources Deferred In Flows of Resources and Net Position.

Mr. McNeish stated GASB is a standard setting board that is a branch of the AICPA, and they concentrate strictly on developing these rules for reporting in accordance with Generally Accepted Accounting Principles. Members are appointed to this board for a certain term and they spend their time deliberating to hand down the standards for accounting firms and finance departments. The City can develop their own policies, but they have to be in accordance with GASB or those rules and standards the GASB board hands down.

Mr. Grow stated there was a statement adopted this year. GASB is always trying to look for ways to make governmental financial statements more readable. When a bond or debt is issued, often there is issuance costs related to those. In the past, the issuance costs were amortized over the same term that the bond is amortized. They have gone back this year and said let's expense those in the year that they take place instead of amortize them over the term of the bond. The auditors had to write off those issuance costs that they have been carrying for some time. It did not significantly impact the City's financial statements, but they wanted to point out that Management adopted it this year.

Mr. McNeish stated the City was required to adopt this new statement.

Mr. Grow stated there were no significant transactions noted that the City entered into that were both significant and unusual that they felt they needed to report to Council. There were also no discussions with Management about alternative accounting treatments.

One area Mr. Grow wanted to highlight was any significant judgments and accounting estimates that are being used as the City records its transactions. There are two that he feels are worth pointing out. He stated Mr. Tom McNeish wanted to speak about the Pension Plan and OPED requirements to explain what the assumptions are.

Mr. McNeish stated pension and retirement health care are based largely on evaluation by an actuary. They use a lot of estimates in terms of mortality rates, longevity, and the cost of inflation rate anticipated for health care in the future. They incorporate all of these into a big estimate that determines what the City's liability is going to be that they record today for retiree health care benefits and pension benefits that employees have earned to date that get recorded as a liability like a bond liability, a note payable, or any of the other more traditional liabilities. The only difference is, with a bond you get certain proceeds, and you pay back those proceeds over time with interest. With a pension or health care liability, it is based on the pool of active employees, their life expectancy, and their current ages. The actuaries use that information, and determine, based on the pool of employees working now, how much prior service they have incurred, and what they have earned under the benefit structure, what the local government's liability is to make good on those promises in terms of pension and health care retiree payments.

Mr. McNeish stated the statement that GASB has released is, if you were a cost sharing plan, that liability was strictly on the State level, and it was perceived as an obligation of the State. Participating employers and local governments did not share in that liability; they merely were obligated to provide the monthly contractually obligated contributions to fund people that were currently in retirement. There was no call for a local government to perform an actuarial analysis and determine what their overall liability was. The new pension guidance through GASB 68 is going to require that all participating employers, to the extent that they make contributions relative to the contributions of the total plan, pay a small ratio that is applied to potentially a big number. The fact that the City is participating in PORS is good news. It will not affect the City of Aiken as much as it will a lot of the other local governments in South Carolina because they have their full retirement obligation within SCRS. It is still worth noting that once GASB 68 is implemented, we will see somewhat of a liability as a result of the Police Officer Retirement. June 30, 2015 is when the liability will show up, so there is time to prepare for the proper reporting for it. The State will be providing most of the information that is needed to record that liability. The City will not have to have their own actuarial evaluation done because it is done on the State level.

Councilman Dewar asked how the City will deal with that number, if it is a significant number.

Mr. McNeish stated the net pension liability number as it relates to PORS that the City will receive from SCRS, will be a number that Kim Abney will make sure looks reasonable, but that is a number that the State will be coming up with based on our computations.

City Manager Richard Pearce stated that on Page 51 of the Audit, from previous budget years, PORS has raised the City's contribution rate, both for the City as an employer, the police officers as employees about a half a percentage point, so they are already collecting more from us.

Mr. McNeish stated that is a key way of how the liability would be affected forcing an increase contribution from the employer and the participants. Also, increasing retirement age and changing the computation from a 3-year to a 5-year of your last annual compensation amounts, are processes that can be, or have already been, enacted to try to manage that liability.

Mr. Pearce stated it is addressed in the budget process because that contribution amount would be part of the expenditures.

In closing, Mr. Grow stated Elliott Davis evaluated the financial statements and disclosures, and they are confident they appear to be neutral, consistent, and clear. Elliott Davis proposed some audit adjustments which are Appendix B in the Report to the City Council. He stated there was one other adjustment that was not posted after talking to Management because it was not significant. They requested that Management present certain things to them, that the City gave the auditors everything they asked for, they did not keep anything from the auditors, that everything that was provided to the auditors was

materially correct, and all representations were provided. As Elliott Davis performed their procedures, they did not have any disagreements with Management, and as far as their inquiries took them, the staff did not consult with any other accountants outside of the auditor. Elliott Davis did not discuss any significant issues outside of what their traditional expectations would be as the audit was performed. There were no particular difficulties as they performed their procedures. All of the official correspondence between Elliott Davis and Management is included in the Report to the City Council.

Mr. McNeish stated that one thing they evaluate from year to year is the accuracy of information that is received from the Finance staff, and also the fluidity. If the auditors feel like they are being stonewalled and information is being edited prior to submission to the auditors, they will contact City Council. They did not have that circumstance but it is something that has to be re-evaluated every year to keep a good skeptical eye on it.

Mr. Grow stated that all the correspondence and discussions they have had with the City are consistent with what they expect to see. The staff has the desire to get everything accurate. The process went very well.

Councilman Dewar asked if there had been any concerns about the Affordable Care Act in any of the cities. He stated his concern is he understands that all medical plans need to meet a certain criteria. He wanted to know if it was likely that the City's plans will meet that criteria or if we will have to get a higher program, better program, or divest employees of medical coverage.

Mr. McNeish stated Elliott Davis will be looking harder at the valuation that is performed by the actuary.

Councilman Dewar stated his question was regarding active employees. He has read that thousands of people are losing their medical plan because it does not meet the qualifications of the Affordable Care Act, or the employers have decided that the liability of having a plan that does is more than they want to pay.

Mr. McNeish stated even though the law is out there, there is a lot of evolution that has to happen. He stated he would have a better answer in the future.

Councilman Steve Homoki asked City Manager Richard Pearce if there was an option, once all this is resolved, to have a predictable fixed contribution to employees; health plans as opposed to doing full coverage, and let them opt for the balance.

Mr. Pearce stated this was started years ago. As employees were hired, the City raised the deductible rate. Employees today start at a \$1,000 deductible. This is one reason the City stresses the Wellness Program. In the last budget year, with the exception of one month, the City was below the targeted expenses that we were going to have to pay as a self-insurer. There is an overwhelming participation rate in the Wellness Program. The nurse has helped a lot of people with medical problems and they are now doing better and there are less claims because of this. The City has Workers' Compensation sending money back to the City because we have worked so safely. In the next month or so, Council will talk about the All-America City Award. The City received that designation in 1997, and this year they have a particular focus on wellness.

Councilwoman Gail Diggs asked if employers that allow their employees to keep a spouse on their insurance will still allow that in 2015, or if the spouse will have to find another plan.

Mr. Pearce stated the City already does that if the spouse has their own insurance.

Councilwoman Lessie Price stated that is already happening at Savannah River Site, and she and her husband had to get their own plans, and they are actually paying less than they were.

October 28, 2013

Councilman Reggie Ebner stated anytime there are new Councilmembers elected to City Council, a 10-minute primer would be good to brief them on the auditing process. He stated the Worksession has been very beneficial to him. He stated one thing that was not in the package to City Council was the letters that went to City Council and he would like to see those included.

Mayor Cavanaugh adjourned the meeting at 6:45 p.m.

October 28, 2013

To: Richard Pearce
City Manager, City of Aiken

Tim Grow Elliott Davis
CPA/Shareholder

From: Reggie Ebner
Aiken City Councilman District 4

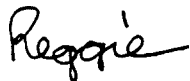
Subject: Aiken City Council Work Session on October 28, 2013 and
Aiken City Council Agenda for October 28, 2013

Richard and Tim,

I was unable to find a copy of the two letters from Elliott Davis to City Council dated September 17, 2013 and May 8, 2013. Both of these letters were received by City Council members on October 10, as part of the City Council agenda for the October 14 City Council Meeting.

These letters are attached and were addressed to City Council City of Aiken from Elliott Davis. One letter details "Effective two-way communication between our Firm and City Council" and the other "This letter intended to communicate certain matters to the planned scope and timing"

Inclusion of these two letters in the minutes of both the Work Session and Council Agenda is requested.



CC: City Council Members
City Clerk



*Copy of
S. 10-13
P1*

September 17, 2013
RECEIVED ON OCT 10, 2013 AGENDA PACKAGE

City Council
City of Aiken
P.O. Box 1177
Aiken, South Carolina 29802

Effective two-way communication between our Firm and the City Council is important to understanding matters related to the audit and in developing a constructive working relationship.

As communicated in our engagement letter and audit planning letters (which are included), our responsibility, as prescribed by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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NOTED
Said Bill
Council
at 4:00 PM PZ

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the City of Aiken.

This communication, as requested by management, is intended solely for the information and use of the City Council and is not intended to be and should not be used by anyone other than these specified parties.

ELLIOTT DAVIS, LLC



Laurie V. Smith, CPA
Shareholder

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May 8, 2013

- NOT RECEIVED UNTIL OCT 10, 2013
- RECEIVED ON OCT 10, 2013 AGENDA PACKAGE

City Council
City of Aiken
P.O. Box 1177
Aiken, South Carolina 29802

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of the City of Aiken's financial statements as of and for the year ended June 30, 2013.

Communication

Effective two-way communication between our Firm and the City Council is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the City of Aiken and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no shareholder or professional employee of Elliott Davis, LLC is permitted to own any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a shareholder or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by Elliott Davis, LLC and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

Elliott Davis LLC, 340 Main Street, The Professional Bldg., P.O. Box 429, Greenwood, SC 29646-2773
Phone: 864.229.4951 Fax: 864.229.7822 www.elliottdavis.com

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The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your City functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your business. The development of a specific audit plan begins by meeting with you and with management to obtain an understanding of business objectives, strategies, risks, and performance.

We will obtain an understanding of internal control to assess the impact of internal control on determining the nature, timing and extent of audit procedures, and we will establish an overall materiality limit for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

We will use this knowledge and understanding, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provides us with parameters within which to design the audit procedures for specific account balances and classes of transactions. Our risk assessment process at the account-balance or class-of-transactions level consists of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls)
- An evaluation of the design effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by the City's internal control)

Similar assessments will also be made relative to compliance with laws, regulations, and provisions of contracts and grant agreements.

We will then determine the nature, timing and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

The Concept of Materiality in Planning and Executing the Audit

In planning the audit, the materiality limit is viewed as the maximum aggregate amount of misstatements, which if detected and not corrected, would cause us to modify our opinion on the financial statements. The materiality limit is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

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Our Approach to Internal Control Relevant to the Audit

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of the City's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system, of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act, and the U.S. Office of Management and Budget, (OMB) Circular No. A-133.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards and circular identified above.

Timing of the Audit

We have scheduled preliminary audit field work to begin May 13, 2013 with final field work commencing in August 2013. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the City of Aiken.

This communication is intended solely for the information and use of the City Council and is not intended to be and should not be used by anyone other than these specified parties.

ELLIOTT DAVIS, LLC



Laurie V. Smith, CPA
Shareholder

REGULAR MEETING

October 28, 2013

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

Others Present: Richard Pearce, Gary Smith, Stuart Bedenbaugh, George Grinton, Kim Abney, Ed Evans, Tim Coakley, Charles Barranco, Glenn Parker, Alicia Davis, Sara Ridout, Maayan Schechter of the Aiken Standard, and about 120 citizens.

CALL TO ORDER

Mayor Cavanaugh called the meeting to order at 7:02 P.M. Mr. Pearce led in prayer, which was followed by the pledge of allegiance to the flag.

GUIDELINES

Mayor Cavanaugh reviewed the guidelines for speaking at the Council meeting. He asked that those who would like to speak raise their hand and be recognized and limit their comments to five minutes. He pointed out that citizens could only speak on the items on the agenda.

MINUTES

The minutes of the regular meeting of October 14, 2013, were considered for approval. Councilwoman Price moved, seconded by Councilwoman Diggs, that Council approve the October 14, 2013, minutes as submitted. The motion was unanimously approved.

PRESENTATIONSPlanning Commission
Natural Resources Element

Mayor Cavanaugh stated Planning Commission Chair Liz Stewart was before Council to seek Council's guidance on pending Action Agenda items.

Mr. Pearce stated the Planning Commission has an item that they have been working on under the Action Agenda approved by City Council every year in their joint meeting with the Planning Commission. The question is should the Planning Commission continue with the recommendations to Council on whether or not there should be a Natural Resources Element as part of our Comprehensive Plan. The Planning Commission has worked on this for some time.

Ms. Liz Stewart, Chair of the Planning Commission, stated that at the October 15, 2013, meeting of the Planning Commission there was a 4 to 2 vote to continue the consideration of the draft of the Natural Resources Element for recommendation to be forwarded to Council. As part of the continuance, the motion was made that she should come to Council to confirm whether or not the Planning Commission should continue their effort to submit a draft of the Natural Resources Element. This was based on some of the comments that were made during the regular session. There was quite a bit of confusion. She felt that some of the Commissioners decided to err on the side of caution and ask for a continuance and ask her to come before Council to get the answer. She asked if it is Council's wish or not Council's wish that the Planning Commission continue work on the Natural Resources Element and submit a plan to Council.

Councilman Ebner presented a document labeled Exhibit 1. He said this document lists the seven elements that have been talked about for a number of years. He said he was new to this and could not do justice to what has been done over the last 10 to 12 years. He said he was in attendance at the meeting when this was discussed and several other meetings over the years. He said he also got a copy of the Comprehensive Land Use and

Transportation Plan as well as the Northside Comprehensive Plan. He said there are two things, and they obviously overlap. He said he would like for Council to consider that. He said the Planning staff did a good job of going through both plans and including them in the agenda for this meeting. He said that information is included in pages 37 through 67 of the agenda packet with markups. He said when he compared this with the 21 page write up that the Planning Commission is working on now, almost every one by title is covered. He pointed out we may already have 95% or 100% of what we are trying to do.

Councilman Ebner stated the other thing he asked was how he could find the other six items inside the write up. He said he was having trouble sorting them out item by item. It appears the initial work done was in the late 90's or early 2000's and actually covers all seven of these elements already. He said that was his opinion. He said rather than continue what is being done, he felt we should look at what we already have. He said the maps cover it, etc. He felt we already have 95% of it included and already voted and approved over a number of years. He said his thoughts as a Councilmember and as a citizen were that we have the large majority of this covered already. He wondered if it was something Council could ask the Planning Commission or the Planning staff whether we can vote to say we have all seven elements included. He said his position would be to say that we already have the elements included. He said the overwhelming majority of the material is already covered in the elements.

Mr. Pearce stated under the study that the Planning Commission is conducting one question is whether there should be a recommending body about potential tracts that would be appropriate for preservation. He said he did not know if that is in the existing element. Councilman Ebner stated that is not in the elements. He said he does not favor another Commission in the city. He felt it is appropriate to have a Committee to recommend potential tracts that would be appropriate for preservation, but it would need to be a committee of citizens that are familiar with it and would need to work with the appropriate departments in the city. It covers more than just planning on this type thing.

Mr. Pearce stated it is his understanding that that is something the Planning Commission was reviewing as part of their work. Ms. Stewart stated that was part of what they were reviewing. She felt that initially there was some discussing about how much needed to be added to what was already in the Comprehensive Plan. The issue of a recommending body became a separate item for discussion, so the dialogue then was does it become a standalone Commission or Committee reporting directly to Council or a subset of the Planning Commission. She said that is one of the items included in the draft Natural Resources Element. It was not in the original plan.

Councilwoman Price asked that Ms. Stewart share with the audience what Council had asked the Planning Commission to do which caused her to appear before Council at this meeting. She said Council had given a charge to the Planning Commission, and they had worked on this for some time.

Ms. Stewart stated the Planning Commission had worked on the Natural Resources Element for some time. Their charge was to draft a separate element. Originally it was called the Open Space Element. Now it is called Natural Resources to be more in alignment with the title used at the State level. That has taken a tremendous amount of time. The Planning Commission has exerted a lot of effort. She complimented the Planning Department staff. Originally the document was hundreds of pages of material. It has been whittled down to 21 pages. However, the Planning Commission felt a lot of the material was very worthwhile and in any event would be recommending that it be saved and utilized as resource material as collateral. The Planning Commission then had a number of discussions, and special work sessions. She felt, based on those conversations, they were very close to being able to take a vote on October 15, 2013, and present a final recommendation to City Council. There was some conversation that challenged whether the Planning Commission should do it, whether it was appropriate for the Planning Commission to continue, and that it might not be the wish of Council to continue. She said the decision by some of the Commissioners was to err on the side of caution and vote for a continuance before sending it to Council rather than making a decision that might not be what Council would want.

Councilwoman Price stated the question is should the Planning Commission submit their plan to City Council and let them know whether this is satisfactory or not.

Mayor Cavanaugh asked if the proposed plan included the proposed Committee regarding open space tracts reporting to the Planning Commission. Ms. Stewart said that is in the draft. She pointed out, however, the draft has not been approved by the Planning Commission yet. That is what was before the Planning Commission for approval on October 15.

Mayor Cavanaugh stated the other alternative would be that the Committee would report to City Council. Council would determine who would be on the Committee. Ms. Stewart stated they felt the City would be making the recommendations as to who would be on the Committee with the Committee reporting to the Planning Commission. Ms. Stewart said that was done for a couple of reasons. One was in reading some of the documentation and some of the information on the statute that was forward to the Planning Commission by Mr. Gary Smith, the Planning Commission understood that this Comprehensive Plan is under the purview of the Planning Commission. It does say that any other group that looks at this is still the responsibility of the Planning Commission. They felt if they have to be responsible for the plan, it would not be appropriate to segregate out one element and have that managed differently. The Planning Commission also felt that it was necessary to have more expertise involved. This is a comprehensive thing, and it needs to be done by objective people with very specific talents. In fact, they may even have to bring in some consultants to support the body. The Planning Commission felt the expertise that was needed and the time that it would take would warrant that. Mayor Cavanaugh pointed out it was understood that the Committee members would be determined by City Council. Ms. Stewart responded they would.

Councilman Dewar stated this issue had been discussed for a couple of years. He felt it obviously is the responsibility of the Planning Commission to give Council their best estimate of what they think Council asked them to do. He said we are probably suffering from some of the effects of the “dwelling unit” issue. He felt it is worthwhile to mention that only a small number of the members of the Planning Commission were members when this matter was last deliberated. Ms. Stewart responded there were two members when the issue was discussed earlier. Councilman Dewar stated he was not sure we need another committee. He said there is a question as to whether the Natural Resources should be a separate element or expanded into the Comprehensive Plan. He said there were a lot of objections from developers who did not like a separate plan. They felt threatened. Some could not say how they felt threatened. He felt trying to get someone to serve on that Committee would be very difficult. He said the point is well taken that the Committee needs to have members who know that area. He pointed out it is hard to get people to work on the Planning Commission, Design Review Board, and Board of Zoning Appeals as it is. To come up with an additional group would be difficult. He said he would favor the Planning Commission giving it their best shot. When it gets to Council there will probably be seven different opinions. He felt Council could not agree on an opinion tonight if Council had to. He said his sense is that he would accept whatever the Planning Commission decides to send to Council and Council will do what they normally do—agree or disagree with it and modify it, etc.

Ms. Stewart stated then that is the direction in which they will go. That is what they had planned to do.

Mayor Cavanaugh stated another thing on this particular subject is that when this first came out to the public there was a lot of outcry about taking their land. He pointed out the plan was not designed to take anybody’s land without their approval. The point was the simple word “volunteer.” The preservation of open space would be a volunteer thing on the part of the landowner, working with the group that would be chartered to work with them. It is not a fact that it would be taken. He said in reviewing the material, he only found one place where it said anything about volunteer. It may have alluded to it without saying it, but he personally felt the volunteer aspect should be stated more.

Ms. Stewart stated the Planning Commission did change a lot of the verbiage to reflect that it was optional, and it was voluntary. She said possibly they could enhance that further. She said there were only two people to speak at their meeting. One gentleman did address that point; that he was concerned that it might lead to the taking of his land. The Planning Commission assured him that was not the case. She said the intent of the Planning Commission is that the open space preservation is a voluntary thing. She said it is very important that whoever is engaged in this that not only do they have to have the expertise, but they have to be seen as objective and neutral. When you talk about these recommendations, you have to be careful that there are no vested interests or anybody who could stand to gain from it. She said not only must you do the right thing, but you have to look like you are doing the right things. Some communities have a separate staff member who handles this.

Councilman Ebner asked how we would handle duplications and have three plans for that. He felt that is something Council should look at. He pointed out that some of the words are almost identical to what we already have. He felt we need to look at that to be sure they are not in conflict with each other.

Mr. Pearce stated that could be part of the Planning Commission recommendation if that is Council's pleasure.

Ms. Stewart stated the Planning Commission had looked; it is a duplication. One thing they had looked at as well as staff, is a lot of that came out of the plan to make sure it is not in conflict. She said she would be glad to have that double checked. That was a step taken. They understand some is duplicate, but they pulled it out because they understood Council wanted it separately.

Councilwoman Price moved that the Planning Commission reconvene and submit their plan to Council for review and comment. The motion was seconded by Councilwoman Diggs. The motion was unanimously approved.

AUDIT

FY 2012-13
Elliott Davis

Mayor Cavanaugh stated the next presentation is the FY 2012-13 audited financial statement of city finances.

Mr. Pearce stated State law requires all South Carolina municipalities to undertake an annual financial audit. These audits must be performed by a CPA, public accountant, or an accounting firm with no connection to the City of Aiken. Upon motion by Councilmember Ebner, seconded by then--Councilmember Wells, Council unanimously appointed Elliott Davis, LLC in May, 2011 to conduct audits of our financial statements for fiscal years 2011-12; 2012-13; and 2013-14.

Elliott Davis, LLC is one of the largest accounting firms in the Southeast, with offices in the Carolinas, Georgia, and Virginia.

Our audit is conducted in accordance with auditing standards generally accepted in the United States and "*Governmental Auditing Standards*" issued by the Comptroller General of the United States, the Federal Office of Management and Budget Circular A-133 entitled Audits of States, Local Governments, and Non-Profit Organizations. Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America.

We are happy to report that this year's audit found no material weaknesses [what has been referred to as a "clean report"] and no instances of noncompliance material to our financial statements. One item noted by the auditors--retention of all paper documents related to 1033 Program acquired equipment from the U.S. Military--has been corrected, and all paperwork is being archived instead of only being entered into our computer database.

Representatives from Elliott Davis were with us for a work session to discuss some background information and are now at the Council meeting to review the audit process and answer questions or concerns Council may have. He said with Council is Tom McNeish, Tim Grow and Nicole Hillman from Elliott Davis accounting firm. He said they are present to present the annual audit for Council's information.

Mr. Tim Grow, Shareholder of Elliott Davis, stated he would briefly review the audit and answer any questions. He said the success of the audit is largely due to the city's staff. He pointed out Elliott Davis had provided two documents for Council's information. The official communication document to Council was reviewed with Council in the work session. The other document is the Comprehensive Annual Financial Report. He said the objective was to perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. He pointed out the information in the report is as of June 30, 2013. He said they were happy to tell Council they were able to provide their highest level of assurance—"unqualified," what they consider a "clean opinion." Mr. Grow stated he would highlight a few things from the report, provide some financial information highlights, summarize it, and answer any questions.

Mr. Grow stated the Management's Discussion and Analysis. Similar to the report from the CEO of a company, is on pages 4 through 13. It is a required communication from Management. This is designed to summarize some of the very detailed information that is further in the report and hopefully put it in terms the layman can understand. The MD&A is meant to summarize the data with the sense of whom the users of the statements are and give them the information in terms they can understand. Followed by the MD&A on pages 14-16 is the Government-wide Statements, Statement of New Position, and Statement of Activities. He said some of the highlights for those who are governmental accountants is that this presents the city in the full accrual format as opposed to the fund format. It reports the net position of the city rather than fund balance. The major difference in what is called the Government-wide Statements and the Fund Financial Statements is how long term assets and liabilities, primarily capital assets and debt are reported. For the Government-wide Statement capital assets are capitalized and depreciated over their useful lives, whereas in the Fund Financial Statements capital assets are reported as expenditures in the year that they are purchased. Another example of Government-wide Statements is that bonds are presented as long-term debt, but for the Government-wide statement bond proceeds are reported as other financing sources. Following the Government-wide Statements there are the Fund Financial Statements on pages 17-22 which focus on the sources, uses and balances of the current financial resources.

Mr. Grow then reviewed the information on the graph charts in the material provided to Council. He pointed out he had taken over the city's engagement for Laurie Smith, who retired during the year. Ms. Smith had indicated to him that Council was used to getting some of the high level data in chart form. He pointed out the first graph showing General Fund Cash & Short-Term Investments decreased during the year from \$13.5 million to \$12.2 million. He said often times cash and short-term investments are directly impacted by whatever the cash needs are at a particular time. He said it is hard sometimes to explain why cash would decrease at a particular time year over year. He said they did audit the balances and are comfortable with them. Total Cash & Short-Term Investments across all funds increased \$2.8 million from \$29.8 million to \$32.6 million. He said there is an increase in Cash over all funds, but again that is a timing issue. He then pointed out the chart regarding the General Fund Number of Days of Operating Cash Reserves. He said the Government Finance Officers Association, one of the standard bodies that help decide how government should account for their money, provide in some cases some matrix. One of those matrixes is what is the right amount of fund balance that we should have. He said normally a cash balance of 3 to 6 months is viewed as adequate cash reserves. At June 30, 2013, the City's cash balance represented about 174 days of expenditures compared to 187 days of expenditures at June 30, 2012. He said that is a pretty healthy fund balance for a general fund. It is more than adequate to meet what GFOA recommends.

Mr. Grow pointed out the General Fund Unassigned/Assigned Fund Balance. He said two years ago they changed the designation of how they represent fund balance. One of those designations is Assigned Fund Balance. Assigned Fund Balance is part of fund balance that Council can designate for a specific purpose, but Council can undesignate it if wants to as well. He said when they look at fund balance, they always like to look at Assigned and Unassigned together because that is the amount of fund balance that Council can readily effect and make changes to spend money if they choose to. He said fund balance Unassigned and Assigned decreased about \$600,000 (\$15.4 million in June 30, 2013 versus \$16 the prior year). He noted actual revenues collected were 4% greater than budgeted, while actual expenditures were 5% less than budgeted for the fiscal year ended June 30, 2013.

Mr. Grow noted the % of General Fund Unassigned/Assigned Fund Balance Year end compared to the General Fund Operating Expenses remained materially consistent from year over year. That is usually a good matrix to decide if the city is spending a lot more money than it has previously. In this case it is fairly consistent year over year. He then pointed out the General Fund Revenue, Expenditures and Other Financing Sources and Uses chart. He said the General Fund revenues and other financing sources were \$700,000 less than expenditures for the year ending June 30, 2013. Revenues and other financing sources for the general fund were \$1.4 million greater than expenditures and other financing sources for the year end. He then noted the Proprietary Funds: Revenues and Expenses. He said the Water and Sewer fund reported a \$1.1 million increase in net position. This increase was largely due to the rate increase approved by Council and implemented in May, 2012 and also includes some donated infrastructure. The Storm Fund revenues exceeded expenses by about \$300,000.

Mr. Grow stated those comments were some of the highlights. He said the Proprietary Fund, the Water and Sewer and Storm Water Fund statements are on pages 23 through 25 of the Financial Statements. He pointed out these accounts are organized in the format similar to a regular for-profit entity. After the proprietary funds there are the two Fiduciary Funds—the Pension Trust Fund and the Post Retirement Benefits Trust Fund on pages 26 and 27. The Notes to the Financial Statements are on pages 28 through 56. The notes provide detailed information for the number included in the statements that he had mentioned. For example, some of the things in the Notes to the Financial Statements are details of the city's investments, a summary of the city's capital assets, as well as a summary of the city's accounting policies, and a summary of debt, if any. After the Notes to the Financial Statements, there is the Required Supplementary Information on pages 57 through 60. This information provides budgetary comparison for the General Fund and the Crosland Park Fund, including the original as well as the final budget, including all amendments. You will also find funding information for the two trust funds in this section. After the Required Supplementary Information, you will find the other Supplementary Information on pages 61 through 112. The Supplementary Information provides details for several things, including the Non-Major Governmental Funds, Other Budgetary Schedules that provide useful comparisons for certain fund budgets that are not what they consider required supplementary information. There is also the budget information for the enterprise funds.

Mr. Grow stated besides the Opinion on the Financial Statements they issued two other separate opinions. One is called the Yellow Book opinions. That is to report on compliance and other matters. Then there is their opinion on the Schedule of Federal Expenditures. He said they are required to perform certain procedures over the Federal money received by the city. On both of those cases they have provided the highest level of assurance they can provide. They did have one finding which is listed on page 121 of the report. The finding related to some additional detailed record keeping that was required to be maintained for Federal Surplus property transfer. Management responded and indicated the corrective action that was taken over that deficiency. They feel the action taken was appropriate for the finding they had. He said things went very well, and they were very happy with the procedures they put into place. He said he would take any questions Council may have.

Councilman Dewar stated he had several questions. He referred to page 57 of the audit report. He pointed out column four. He asked if that says the City collected \$982,624

more in revenue than we thought we would. We spent \$1.5 million less than we thought we would. We ended with an excess of revenues over expenditures of \$2.5 million. He said then that is all taken away with \$3.15 million. He asked what the \$3.15 million represents. Mr. Grow stated he would have to check on that and get back to Councilman Dewar.

Councilman Dewar stated on page 12 of the audit a statement is made that we are going to spend \$600,000 for the first phase of replacing water meters and funding for this project will come from inter-fund borrowing and a forgivable loan from the State of South Carolina Revolving Loan Fund. He said he thought we had \$600,000 in the budget for this project.

Mr. Pearce pointed out that the \$600,000 was for water meter replacements. The \$1,000,000 grant was from the State and that is a forgivable loan. He said he thought the bid for the project was about \$1.3 million for the filter at Shiloh. In response to Councilman Dewar's question, Mr. Pearce stated the \$600,000 for water meters is a budgeted item.

Councilman Dewar pointed out page 27 which refers to our Pension Plan. He said he was seeing a little red flag. He said our contribution was \$1.458 million and our benefits paid were \$1.444 million. He said it seems we are getting very close to paying out what we put in. He asked Mr. Grow if he had a sense if that is okay. Mr. Grow stated there is another statement in the audit which will tell you where we are in funding.

Mr. Pearce pointed out that the employer contribution is one part of the revenue source for the retirement fund. The other source is the investment income. There are two sources. He pointed out from Mr. Warner Anthony's presentation, the attorney from North Carolina who advises on the plan, that from an actuarial standpoint you look at about 40% of the contribution by the employer and the other 60% from the investment income.

Mr. Grow stated essentially there are two components. You will fund what you need to fund for current year needs, and you are also funding what is called the actuarial accrued liability. He felt the funding percentage, based on the actuarial assumptions in place right now, for the city's plan is adequate based on the assumptions built into the plan today. Those assumptions are challenged every two years. Hopefully what the actuary is doing, and they rely a lot on what the actuary tells them, is considering all those market impacts biannually when they do their assessments to make sure what the city is contributing on an annual basis is adequate to meet, not only the current year needs, but the future needs as well.

Councilman Dewar asked if the auditors review the investment philosophy/policy, which he had never seen. Mr. Grow stated they do. He said a lot of that detail will be found in Note 10 on page 53 and 54 of the audit. That provides a lot of the actuarial assumptions that are built in.

Mr. Pearce pointed out it also has the contribution philosophy in there as well.

Councilman Dewar stated we invest 75% of our pension fund in stocks both in the Pension Fund and the OPEB Fund. He said given that the market is at an all-time high, it would seem to him to be a red flag of caution. Mr. Grow stated certainly that is a concern and maintaining those types of returns. He said the question would be whether the actuary anticipated the kind of return we are getting now. He said probably the next time the actuary looks at this, they will address that. He said that is a question for the actuary.

Councilman Dewar pointed out that page 20 shows Government Funds. He pointed out that Crosland Park shows that we have revenue of \$50,092, but we spent \$470,563. He pointed out that at the end we show a positive balance of \$23,874. He asked if that seemed okay.

Mr. Grow stated one of the things they talked about is the ability going forward if Crosland Park can continue to satisfy its needs. He pointed out there is a sale of property on the agenda for this meeting.

Mr. Pearce stated there is consideration of a sale of property in Crosland Park on the agenda at this meeting. We have also received word that there is a proposed purchase for another house.

Councilman Dewar pointed out we could sell every house we have in Crosland Park, and we would not pay off the \$1.5 million Crosland Park loan.

Councilman Ebner asked Mr. Grow if this is where the \$1.5 million loan is accounted for on page 20 or where. Mr. Grow responded that page 20 is what they call the statement. It is the revenues and expenditures side. The balance sheet side of that where the loan actually is on page 17. In this case, shown as Due to other funds and Advances from other funds, is where the loan to the Enterprise Fund is indicated. On the same page above that is where the asset is recorded that is there basically to offset that loan. He said this year, they looked at the assumptions that Management used to determine whether the assets in place right now would be able to be liquidated at the current values.

Councilman Dewar asked if we have \$1.787 million in long term notes receivable. Mr. Grow stated there is \$1.787 in real estate held for resale. Councilman Dewar asked if the auditors had verified that number. Mr. Grow stated they reviewed the documentation that management provided to them that asserted the value of that asset. In response to a question by Councilman Ebner, Mr. Grow stated that was all in Crosland Park. Councilman Ebner stated he would follow up on that. Mr. Grow stated on the conversation they had, it is certainly something that Management will look at. He said he thought the value of that asset has been impaired a couple of times. They have recognized that perhaps that value has decreased. He said they will consider that for the fourteen years as well. Councilman Dewar stated that is a startling number, and he would love to see the backup on that figure.

Councilman Ebner pointed out also that the loan was due to be paid off in April, 2014. He said if it is not paid off do we just continue to carry it or how does the audit treat that. He said we are supposed to be paying it back at 20% per year. He asked how we manage that. Mr. Grow stated that is a question for Management as to how that will be handled.

Mr. Pearce stated that will be a discussion at Horizons in February to follow up the work session held in Crosland Park this summer.

Councilman Ebner stated we will take care of that and keep you involved.

Councilman Dewar asked Mr. Pearce if he could give Council a breakout of the \$1.7 million before the summer. Mr. Pearce responded he could.

Councilman Merry pointed out on page 61 of the audit that the insurance company premium licenses shows revenue of \$2.8 million budgeted, but we actually received \$3.5 million, a difference of about \$700,000. Mr. Pearce responded that the collection of that revenue is administered through the Municipal Association of South Carolina. They have been engaged to help us with the collections. They recently changed their staff member to one who is much more aggressive in the collections. Councilman Merry wondered if we had been under collecting for some period of time. Mr. Pearce stated he did not know, only that there is a new person on the MASC staff, and we are seeing an increase in the revenue. Councilman Merry stated \$700,000 is a lot of money. He said the question is how many years we have given up \$700,000 that could have been collected.

Councilman Dewar stated in the area where the audit compares the budget to the actual revenues and expenditures, starting with page 61, there are a lot of items where Depreciation was budgeted, but not taken. He asked if that gave the auditors any concern. Mr. Grow stated they are not engaged to audit the budget. They audit the actual numbers. If they run into numbers where they have numbers that are largely different

from budget, we ask Management and make inquiries about why there are significant variances. He said he would have to go back and look at his notes to see what the responses were that they got. He said typically if the responses from Management are consistent or reasonable and make sense, they will go on. Sometimes those questions will cause Management to go back and revisit and try to remember why the budget and the amended budget got to where they were. He said as Mr. Pearce responded regarding the \$700,000, that would be a question they would ask as to why the revenue was \$700,000 above the budgeted revenue estimate. He said when Management responded that way, it seemed reasonable to them. He said they would not get overly concerned about how the city compared to its budget.

Councilman Dewar asked if the city should be doing any internal auditing from an external source. Mr. Grow stated an internal audit is an internal auditor. Some organizations have an internal auditor on staff. Where that becomes effective is when Council has some particular funds or areas or on an ongoing basis that provide a high level risk, and they want to have somebody on the ground that they direct that can review that perhaps in more detail. He said an example, is a school district may have a lot of people activity funds, that is a lot of funds that are managed at the school level. The school doesn't have enough staff on hand to be able to look at those in detail on a regular basis, but their board is concerned about the administration of those funds so they have an internal auditor who spends a lot of their time auditing something like that. It is something Council can consider if they feel that they have enough detailed questions that staff is not providing them satisfactory answers or they have some concerns. Sometimes it is another system of checks and balances that Council has internally and is never a bad thing. He said the question is whether the benefit gained from a control is worth the price you pay for it. That would be a question for Council to answer.

Mr. Pearce stated the city does have staff that conducts internal audits. That is why we provide Council with the monthly cash reports of all the money that comes in and all the money that goes out. That is posted on the city website as well.

Councilman Dewar stated he would say he has no basis for any negative comment about the city's finances. He said the Finance Department does very well.

Mr. Grow stated the level of transparency is always an encouraging thing. He said he and Mr. McNeish had stated in the work session, that they ask a lot of questions. He said they probe pretty hard. If they don't get the answers or as timely as they look for, it raises red flags. He said they did not have any of those instances with the city's Finance Department.

Mayor Cavanaugh asked if there was any other discussion. He called for a motion.

Councilwoman Diggs moved, seconded by Councilman Merry, that Council accept the fiscal year 2012-13 audit as presented. The motion was unanimously approved.

HITCHCOCK PARKWAY

Widening
SC 118
SCDOT

Mayor Cavanaugh stated the next presentation is by South Carolina Department of Transportation for the proposed widening of SC 118, Hitchcock Parkway illustrating a 45 miles-per-hour concept and a 55 miles-per-hour concept.

Mr. Pearce stated staff had included in the agenda packet the minutes from the August 12, 2013, Council meeting when Council discussed the proposed widening of SC 118. He stated Randall Young and Kevin Gantt, from SCDOT, are present at this meeting. At the August 12, 2013, Council meeting a motion was made by Councilmember Price and seconded by Councilmember Diggs that DOT provide calculations for the AB typical section with the 45 mile-per-hour speed limit and 80 foot wide footprint and the 55 mile-per-hour speed limit typical calculations with the overlay so Council could see how the

plans fit into the right of way and include vegetation in the plans. That motion was unanimously approved. He said as he understood Council's request, they wanted DOT to come back to this meeting and provide that information to Council. DOT did provide an approved plants list for a landscaped median on roadways. We have had our City Horticulturist to review the list. For the benefit of Council and the people in attendance, many of those approved plants are already installed on Richland Avenue W from the area of the Richland Avenue Walmart down to near the location of Sam's Wholesale Club. As part of the Sam's Wholesale Club construction, they have installed an additional turn lane at Richland and SC 118.

Mr. Pearce stated he had received a letter from Ron Patton, of SCDOT, dated September 27, 2013. That letter has been provided with the attachments in the agenda to show the typical cross sections. He said SCDOT had met with staff, and had received comments from the public information sessions that have been held. One meeting was held a year ago at South Aiken High School, and there have been additional sessions with Rick Toole making a presentation on June 20, 2013, at the Weeks Center, and on July 2, 2013, at St. Paul's Lutheran Church on Hitchcock Parkway. All that information was provided to DOT in a July 10, 2013, meeting with them. Staff met with DOT on October 11, 2013, and it was clear from staff's meeting with SCDOT that they needed direction from City Council as to what the speed limit should be for the proposed project. He said that is not something that DOT establishes on its own. They need direction from City Council on this matter. Mr. Gantt has more detailed information on that. In the staff meeting with DOT, obviously if a 45 mile-per-hour speed limit exists for the entire 5.5 mile section that narrows the footprint of the project by 16 feet. Mr. Gantt has more detail for Council. He said this meeting is an opportunity for Council to hear from DOT about the effects of the two different speed limits. There is about a 1.2 mile section of the 5.5 miles that currently has a 55 mile-per-hour speed limit. He said Mr. Gantt is present to address what Council requested to be addressed. He said we don't have detailed information about plant material, but he could share with Council that the City Horticulturist has said that the plantings on Richland Avenue W are on the approved list and would be the anticipated installation. For a vote tonight by Council would be what the speed limit should be for the entire parkway. He said his understanding after that then DOT can tweak their plans and schedule a public information session. That will be the opportunity for the public to provide full and complete comments about a concept for the proposed project. There is no design yet. There is a concept at this point. As far as scheduling a second public information session, the speed limit needs to be determined and directed to SCDOT so they know what to present at the public information meeting.

Mr. Gantt stated he appreciated Mr. Pearce's background information. He provided a slide presentation. He said he did not have the 3D typicals that he normally shows, but he wanted to show something that would compare. The drawing showed the 55 MPH typical section. He pointed out that typical is 96 feet from the back of the shoulder to shoulder. He said the 55 MPH typical is what was preferred by SCDOT to maintain the current design speed through the corridor. He said that typical meets all the SCDOT design criteria. He said that is the recommended section by SCDOT. After receiving public comment and getting some direction from the city, they came up with a 45 MPH typical which would require the city to request that speed to be lowered through the corridor. Then they could put that typical section in which would match where they would start from Silver Bluff Road coming back to US 1 in the project. The 45 MPH typical is greatly reduced. He said the highlight between the two typicals is that the 55 MPH typical is 96 feet from shoulder to shoulder. When the speed limit is reduced to 45 MPH the typical is 80 feet from shoulder to shoulder. He said basically what that does is when they pull the smaller typical section through, it saves about 8 feet on each side. That varies depending on the slopes. He said the next slide would show an overlay of the impact along the corridor showing the 55 MPH overlay and the 45 MPH overlay in relation to the current right of way. He pointed out the lines showing the 55 MPH typical and the lines showing the 45 MPH overlay, as well as the lines showing the current right of way. He zoomed in at various locations so the audience could better see the lines for the 55 MPH, 45 MPH and the right of way lines. He pointed out that the overlay is a conceptual design and proposed. Until a final design is done to incorporate the drainage, look at utilities and other impacts, the design is a proposal at this point. He started with the Dibble Road intersection of the overlay and pointed out that the red line is the

existing right of way. The yellow line is the conceptual design which they showed at the first information meeting. The black line represents the 80 foot typical which is the 45 MPH design. The yellow line represents the 55 MPH typical impact. He said the difference in the two typicals is about 8 feet on each side. The further the slope pushes out the difference could be 10 feet or more as you gain distance as you go away from the back of slope. He pointed out they would not be able to stay within the red line (current right of way) for the entire corridor. He pointed out that there are hills along the corridor, and in some areas it will be a challenge to stay within the existing right of way. He pointed out where the area is flat the proposed widening would stay close to the existing right of way. He pointed out the blue line is the edge of the pavement. The lighter blue line is the 55 MPH section. The darker blue would be the 45 MPH section. Mr. Gantt continued to zoom in at various areas along the area of the parkway to show the impacts along the way. He pointed out the 80 foot typical, which is the 45 MPH design, stays very close to the existing right of way. Mr. Gantt pointed out the parkway has controlled access, and provisions were made for one more driveway to be placed along the parkway. He pointed out in one section where there is a change in the terrain the slopes would go out and near where the conceptual line was originally. He said there would be some impact to Hitchcock Woods with the widening of the road because of the terrain and slopes. In answer to a question as to the footage that would be affected, Mr. Gantt stated these are conceptual drawings, not a design. The public comment has to be taken into account before going to the full design process. He said what we are trying to determine at this point is what the typical will look like so they can design the road. In answer to a question as to what happens when you chase a slope, Mr. Gantt said if the road is flat you can go straight out with a little ditch to catch the water and run it to a local. However, if you are on top of a hill and the road is widened, then they have to put a certain slope and go down at a particular angle to take care of drainage. If there is a deep fall off the road, then he uses the term "chasing the slope" because you push further out and go down at the particular slope. If the road is level and the terrain is level and the ground is flat all the way through, very seldom do you have to chase anything. You may have to build the road up a little bit so the water drains off the road and into a ditch. If you have a very steep slope, then you have to chase the slope all the way to the bottom at the slope angle. Mr. Gantt stated the hydraulic design is done at the very end of the design. Once you figure the area, then you can calculate how much rain water will come down on the area and how much water you have to try to contain. He said there would be an increase in water because there is more paved area, but to quantify it they have to have a design that is pretty close to completion.

Several people from the audience asked some questions which were difficult to understand. Mayor Cavanaugh asked that people not ask or make comments from the floor, but come to the microphone after Mr. Gantt finishes his presentation to ask questions and make comments. Mr. Gantt stated DOT is planning a tentative meeting for the first week of December to show plans, and he would have more details at that time. Mr. Gantt continued to follow the corridor, zooming in to show the impact of the concept plan for the typical of 55 MPH and 45 MPH. He pointed out the concept illustrates the difference between the 45 MPH versus the 55 MPH. He said their charge was to try to reduce the impacts from the very first meeting and subsequent meetings that were conducted by the city. He said the presentation shows what they have done to try to reduce the impacts. He apologized for not being able to answer questions more specifically, but the charge at this meeting with Council was to try to illustrate the difference between the 45 MPH versus the 55 MPH typical section so DOT could come back to the public information meeting during the first week of December and talk more specifically about the project. Mr. Gantt pointed out that the charge for this meeting was to be prepared to talk about the 45 MPH versus the 55 MPH impact. He said the area he had shown was the 55 MPH area. The rest of the corridor is already 45 MPH all the way back to Silver Bluff.

Mayor Cavanaugh asked how much the right of way would be affected from the end of the 55 MPH area up to Silver Bluff Road. Mr. Gantt stated he felt the 55 MPH area was worse than the area already designated as 45 MPH. There are areas in the other section where there are different challenges. There are businesses, apartment complexes, and homes that were impacted. He said they tried to mitigate those impacts. He pointed out that 25 to 30 comments were received on the bell tower at St. Paul's Lutheran Church.

That accounted for over 10% of the comments received at the first public information meeting. The comments were to try to reduce or avoid any impact to the bell tower. He said they did that by using a retaining wall so as not to have an impact to the church. Those will be things to discuss in more detail at the public information meeting, as they will have those drawings specifically to show how they tried to avoid the impacts.

Councilman Dewar asked when DOT would anticipate a public information meeting being held. Mr. Gantt stated tentatively they have marked two days on the calendar for the first week of December for a public meeting. He said they have to make sure they have a minimum of 15 days advertisement for the public meeting. Councilman Dewar stated the reason he raised the question is that people may want to address whether or not December is a good time to hold the public meeting. He felt it should be pushed back to February. He said he was not in favor of December meetings on anything that is significant.

Mayor Cavanaugh asked if at the next public meeting DOT would show a final design. Mr. Gantt stated he wanted the process to be clear. He said the first public information meeting is to gather comments before we get into the design. DOT develops conceptual designs, and we agree what we want the project to look like. The final design is not approved until after we have a hearing. That is when DOT takes formal comments from the public, and they have made their best effort at putting together a design. They would have the right of way impacts and know what the final hydrology is. Then they have a design where they can tell someone how the project will impact their property and we can quantify what they are trying to do. The effort is to keep everybody involved, the stakeholders and the community and make sure that what they are putting forth is something that we all buy into. He said what DOT is asking is that we agree on a conceptual design so DOT can make that real and design a project so comments can be made. At this point, it is just a conceptual design.

Mayor Cavanaugh stated he wanted to make sure that everyone knows there will be another meeting after the December meeting based on comments given at the December meeting.

Mr. Gantt said they have to have the hearing which closes the design process. Mayor Cavanaugh asked what would take place at the second meeting. Mr. Gantt stated comments would be taken at both future meetings.

Councilwoman Price pointed out she understands that December will be a public information meeting, provided 15 days notice is given. Mr. Gantt stated if the December meeting is held that will give DOT a conceptual design to move forward with. After that meeting it could be 12 to 18 months before they come up with a final design. When they come up with a final design, they close the public involvement and move to right of way with a public hearing.

Councilwoman Price stated her question was whether if enough people will be present in December to gather data for the plan. Mr. Gantt stated he felt it would. He said there is no shortage of comments on the project.

Councilwoman Diggs asked if the December meeting or the next step would be dependent upon whether or not Council decides if the corridor would be 45 MPH or 55 MPH. Mr. Gantt stated if City Council gives no guidance to DOT, they could still move forward to show the two typicals to the public, the 45 MPH and the 55 MPH. He said if Council does not move one way or the other, DOT could move forward and show both typicals and take public comment to drive the process forward.

Mayor Cavanaugh stated he thought DOT was present at this meeting because they needed one typical. He said he thought Council needed to decide at this meeting what typical section to use for the plan.

Mr. Pearce stated the two main concerns that DOT shared with staff; one was that the project stay within the existing right of way as much as possible. That is what Mr. Rick

Toole addressed as well. Those comments were shared with DOT. The second comment was to make the project to look like a parkway as much as possible. As far as staying within the right of way as much as possible, what we heard from DOT was that a 45 MPH speed limit shrinks the footprint of the pavement. There are other considerations as far as whether retaining or detaining walls could be put in. That is something that would be appropriate for the public comment. He said his understanding was with Council's direction that Council wanted to see the two cross sections. Then it would be appropriate for Council at this meeting if the 45 MPH speed limit was seen as reducing the footprint of the project, that Council could provide that direction to DOT to meet that concern.

Mr. Gantt stated when he came with the matrix, the 45 MPH section would require the City to request that typical on behalf of the Department. The recommended section from DOT was the 55 MPH section. He said DOT's design standards for this classification of roadway being a high speed and the current condition being 55 MPH, DOT designed the project to be replaced as is. If the City were to move to say they want the section 45 MPH, DOT would ask for action on behalf of the City to do that. If Council made the motion for a 45 MPH section that would be telling DOT that it is Aiken City Council's wish to reduce the speed limit and there would be a letter in writing to the management requesting the corridor be 45 MPH.

Councilwoman Price stated DOT was before Council at this meeting to get a decision from City Council.

Mayor Cavanaugh stated he thought DOT was before Council to get a decision from Council on whether the corridor would be 55 MPH or 45 MPH. He said he was hearing that Council does not have to make a decision. However, if Council chooses not to make a decision, the project would still go forward and DOT would set the next information meeting.

Mr. Gantt stated if Council does not make a decision, they would be leaving it open without making a decision. He said DOT is not trying to stifle the process. All they want is comments to be able to drive the project. He said Council does have the opportunity at this meeting to say that they prefer the 45 MPH speed limit because it reduces the impact. He said that is the result of the comments that were collected at three meetings.

Councilwoman Price stated she felt Council was here prepared to vote on an action.

Mayor Cavanaugh stated there are citizens present who might want to speak to the issue. However, it does seem like the 45 MPH typical would reduce the right of way needed.

Councilman Merry stated Mr. Gantt had pointed out that while the difference on the aerial photo between the yellow dashed line and the black dashed line didn't look very different at all, that there was average 8 feet between them. He said in looking at the aerial it was difficult to distinguish that actual space in a lot of the cases. It would seem that it would need to be at least 8 feet when you are talking about a difference in a typical cross section of 80 feet versus 96 feet. He said his question is how in the process, which is evidently a protocol set in place by SCDOT, can consideration be given for retaining walls as was recommended by Mr. Toole and the work the City had done. He said there are obviously some places where the new slopes go up to the conceptual right of way that was present in November, 2012. He asked where and when during the process are retaining walls brought into the picture.

Mr. Gantt stated if DOT receives comments on retaining walls they can review them. He said what they would do next is to come up with a cost analysis for that to see if they are feasible. He said from the DOT perspective they have to look at retaining walls not only the initial cost and a cost for the project, as it will cost more to construct walls, but also long term as over the life of the project they have to maintain the walls. The walls become somewhat of a liability over time. DOT has to look at the cost now and the cost over time.

Councilman Merry pointed out DOT would be maintaining slopes, etc. also so it would not be totally a static equation. He said a lot of numbers have been thrown around relating to this project. He pointed out there is a limited amount of funding available for the project. He asked if the funding is insufficient for the entire project of Hitchcock Parkway, could 100% of the funding be used for a percentage of the project. He asked if the funding is predicated on the entire road being constructed or could the funds be used for a phase of the project.

Mr. Gantt stated the project could be phased. They have looked at scenarios where the project could be phased. They would look at the logical termini to determine how to break the project into functional pieces. Any phasing of the project would have to be approved in advance by FHWA for them to be able to phase the project, but it is feasible. Phasing is something that could be done MPO and ARTS would be in charge of doing that and give them direction as FHWA does not work with them in how they relate with them. He said they could take the entire project and probably acquire all the right of way through the project, sign one environmental document, and then the construction could be phased after determining how to break the project into phases.

Councilman Merry stated in order to keep the widening project with a parkway feel, if that necessitates the use of retaining walls and certain amounts of vegetation, etc., could all the balance of money be spent, after acquiring right of way, on doing it the right way up to the logical termini.

Mr. Gantt stated the vegetation as far as the median is concerned could be accommodated in what they are presenting. They have already made accommodations for the median at the 45 MPH and the 55 MPH typicals.

Councilman Merry stated he was talking about the dollar cost—the cost of putting in the vegetation.

Mr. Gantt stated if they do the cost analysis and the analysis is deemed acceptable, they would not want to do that and it be unreasonable.

Councilman Merry stated he thought in the conference call somebody told him it was not financially feasible to do the retaining walls. He said he did not know that we could achieve the parkway feel that we want and keep the impact as minimal as we want without utilizing some retaining walls. He said if it comes down to doing it right and doing part of it now versus all of it now and not doing it right to satisfy the people, then is that within the purview of Council and this project.

Mr. Randall Young, SCDOT Regional Production Engineer, stated DOT has to balance building a wall and maintaining the wall and what that cost will be. We have to do that no matter what the funding situation is. If you are asking can we build walls just because there may be money available because you shorten a project, the answer is not a definite yes or no because they would have to evaluate it. The issues in building a wall are more than just the cost of the wall. Sometimes if the wall is big enough you have to build a foundation that actually is bigger than the impacts of the wall or the slopes that you are trying to protect. If a wall gets too big, you actually have a foundation that goes out much further than the impact that you have with the right of way. He said they have to evaluate all the situations. Where they try to look at putting walls immediately is if there is an impact to a house, structure, or something of that magnitude where building a wall definitely helps to not have an impact to relocate someone's house or to relocate an important structure. If you are just talking about slopes in an area where there is a wooded area, they would not necessarily use walls everywhere. They would have to evaluate the cost of impact, how to build it, and how to maintain it. He pointed out some of the old city streetscapes where there are brick walls; in some places those walls start to crack and crumble, depending on high they are and how long they have been there. There is a maintenance cost that they have to take into consideration before they decide to build a wall.

A citizen asked if it was a fair statement to say DOT would rather chase the slopes than build a wall no matter how far out it goes. Mr. Young stated DOT tries to minimize all impacts. He said they would rather maintain slopes than build a wall, but there are times when building a wall is a better situation because of what it protects.

Mayor Cavanaugh asked those who wish to speak to be recognized and come to the microphone.

Councilman Homoki stated there was some discussion about the traffic studies. He said they were led to believe that the volume of Hitchcock Parkway is increasing. He said he had talked to some people who have said the numbers are decreasing as far as usage of Hitchcock Parkway. He asked what is the fact as far as traffic volume and whether it is increasing or decreasing. He asked if it is projected to be increasing or projected that traffic volume will decrease.

Mr. Gantt stated he would have to see the figures on traffic decreasing. He said they had provided that information when the project was identified. Then the City hired an independent consultant that verified the traffic information that DOT gave the city initially. He said he would have to see that information to be able to speak to it. He said just being in contact with the local DOT Maintenance Office and the permits that have been signed there is a new Sam's store that has opened and traffic for that facility would not have been taken into account when they did the original projections. He said he felt there will be other businesses spur off as a result of Sam's being there. New permits are being requested already. He said those things would not have been taken into account. He said he gets calls about every week on this project. Some are already seeing the impact. The dual left turns are already in place to accommodate the traffic coming through Hitchcock Parkway to go to Sam's and the new businesses that are coming. He said if he was asked his professional opinion, he would say the area is growing. If not growing residentially, it is commercially and by what is going on with businesses on the other side of the parkway, not just on the Whiskey Road end. He said there is commercial growth that will cause an increase in the traffic volume in the corridor.

Councilman Homoki stated the last time Mr. Gantt was here he said he could not undertake a study unless the ARTS group gave him a different direction. He said he believed DOT was told to make their concept design predicated on capacity as opposed to level of service like on Silver Bluff Road. He said he was a little confused and asked Mr. Gantt to elaborate on that.

Mr. Gant stated they were discussing the purpose and need which has been identified through the MPO on ARTS as capacity. He said they were charged to add lanes to the corridor to be able to handle the growth in traffic. He said that is their direction. For DOT to be able to look at something different would require action from that body to cease work on the project as they are pursuing it now and establish a whole new purpose and need for the project. That direction would have to come from the ARTS body.

Councilman Homoki asked Mr. Gantt if he expected any input from ARTS between now and December or whenever we go to final design. Mr. Gantt stated there has been no change in the direction from the MPO so they are still advancing the project.

Mayor Cavanaugh stated the answer is no. He said that is not on Council's agenda for this meeting. He pointed out that earlier in the meeting he had stated the item on the agenda to discuss is the two typical sections—the 45 MPH and the 55 MPH typicals. Mayor Cavanaugh stated it would take action from City Council voting to change the purpose, and then it would go to ARTS. He said we are very much into this project as a city and City Council. He said City Council would have to vote to take the matter to ARTS. He said he did not think they should take a change of purpose to ARTS. He said he felt the road needs to be widened. There are plenty of facts that need to be considered.

Mr. Bob Gilbert, of Huntsman Drive, and Mike Ruben, of Boyd Pond Road, were present to jointly address the matter. He said he had a presentation that they would like to make, and it addresses what's been presented and discussed by Council. He said that is what

they are focused on. He said they would stick to what has been shown. He said they were talking about what they characterize as a freeway, whether that freeway is a 55 mph zone for that 1.5 miles or whether it is 45 mph, in the minds of a lot of people that is a freeway as contrasted to what we have now, which is a parkway. He asked why is the freeway proposal, 55 mph or 45 mph or whatever you choose for the speed limit, a bad idea. He said they have quantitative reasons to offer why it is a bad idea, and they have qualitative reasons. He said many of the factors have not been properly considered. A few have been alluded to, but they really need to be dealt with directly. Mr. Gilbert showed a slide By the Numbers. He said the data is readily available to anybody, and it really needs to be discussed in terms of whether we want a parkway or a freeway. He said that is something that came up a few moments ago and was mentioned by Councilman Homoki. He pointed out the numbers represent decreases in traffic volume on the four segments of Hitchcock Parkway in 2010 compared to the year 2012. This data is in the Level of Service Report dated January 31, 2013, which is sponsored by and published by the City of Aiken. The City of Aiken engages a Traffic Consultant to produce that report every two years. He pointed out there was 1%, 1%, 11% and 26% decreases in traffic volume on the four segments of Hitchcock Parkway from 2010 to 2012. The next figures come out of the same report, the Level of Service Report. The figures of 0.85 and 1.34 represent volume to capacity ratios which are found in the Level of Service Report produced by the City of Aiken. The higher the number the worse is the situation and more congested. The .85 figure is the average volume to capacity ratio for Hitchcock Parkway of the four segments. The higher the number the worse it is. The 1.34 number is 58% worse than Hitchcock Parkway and is a stretch of road on Whiskey Road between South Boundary and Boardman. That is the worst section of roadway in terms of traffic congestion in the City of Aiken, according to the City of Aiken's own report. He said some might ask if he was implying that he was an advocate of destroying that section of roadway by building a five lane freeway through there. No, he was not. The only point is that the same consideration, the same respect, the same concern that is given to that section of roadway be given to Hitchcock Parkway. He said as far as he knows there is no focus or discussion about doing anything with respect to widening that roadway and increasing the capacity. He felt a reasonable citizen would ask why not. It is 58% worse than Hitchcock Parkway. He said he was not advocating building a freeway there, but he suggests the same concerns should be applied to Hitchcock Parkway that is being applied, apparently because of silence on that point, to that stretch of roadway. He said it came up earlier in the discussion tonight and has been widely stated that the average daily volume of traffic on Hitchcock Parkway has measured at about 18,000 vehicles per day. He pointed out this is a theoretical calculation. Raw data is taken from the strips you see across the roadway. That data is fed into a formula and out pops a theoretical average daily volume of traffic. The features of that formula are not revealed by SCDOT. That fact is also contained in the Level of Service Report. The engineer makes a comment that he has attempted to get the variables that are used and DOT will not release them.

Mr. Ruben asked that we keep in mind that the benchmark number is used as the sole basis to ask for widening rather than what really makes sense, which is the operational and corridor improvements like we did on Silver Bluff Road. This is just a number that is used that allows the money to flow and work to be done or proposed. He pointed out the .85 is really revealing. He said he had ridden the road for 13 years. He asked how many people have sat in a traffic jam on that part of the roadway over the years, possibly one or two. Traffic moves fine 99% of the time.

Mr. Gilbert stated 18,000 vpd is being compared to 16,000 vpd. He pointed out Mr. Ruben had stated that is the single measure, as far as he knows, that is being used to justify the project. He said his background is engineering construction. He said if he were to take a tens of millions of dollar proposal to a client based on two data points, he would not be in business very long. Mr. Gilbert stated 22 seconds is how much longer it takes to drive at 45 mph than it does at 55 mph on the stretch of roadway that is addressed at this meeting. He felt Council should carefully consider that. He said one of the frequent complaints that he has heard is that they get behind a truck on the 55 mph portion of the roadway and they can only go 45 mph. He said the fact is that it takes a maximum of 22 seconds longer to cover that distance.

Mr. Gilbert stated the next figure represents the number of people at the Savannah River Site that have been affected by the massive decline at SRS. The number of people that are no longer employed there is on the order of 16,000 over the past few years. You multiply that by the average size of the family and you get 48,000 people. He said he was not saying all those people were traveling on Hitchcock Parkway every day and not saying they all lived in Aiken, but that is a huge number and a large number of them did live in Aiken.

Mr. Gilbert then reviewed a few more By The Numbers that he felt needed to be carefully considered. He said these matters had come up tonight already. Approximately 1 million square feet of pavement will be added with the widening of the road. That is equivalent to building about 500 average size houses along Hitchcock Parkway right on the parkway. He said his rough calculations, based on what little conceptional information is available, are that an additional 31 million gallons of runoff water from this additional 1 million square feet of pavement will be generated per year. Mr. Ruben stated the formula for that is 1 inch of rain on 1 square mile of pavement generates 17,400,000 gallons. If you take the million square feet anybody can do the math. One inch of rain in Aiken will generate about 700,000 gallons of water runoff for every inch of rain from the new pavement. He said that is the amount of rain water that DOT will have to calculate and deal with when they are chasing the slopes. He said they need to keep that in mind when considering what chasing the slopes really means.

Mr. Gilbert stated the City of Aiken had spent a considerable amount of money trying to mitigate runoff going into Hitchcock Woods. He said this will exacerbate that problem. Another factor raised this evening is the official documented estimated cost of this project, notwithstanding the various numbers that have been thrown around. There are two official planning documents from the ARTs group, which is recognized as the authority for planning transportation projects in this area. The cost of the project is listed as \$41,300,000, which is a \$15,300,000 shortfall with respect to comparing that with the available funding. Somewhere \$15.3 million has to be found, and typically projects end up costing more than their estimated cost.

Mr. Gilbert stated the next two numbers have to do with paying some attention to prioritizing the use of scarce resources, meaning money. He felt that was something that is not happening. This has to do with the situation in South Carolina generally, certainly in Aiken County and the City of Aiken roads and bridges are in poor condition. He asked if we have our priorities straight. We want to lay down a million more square feet of pavement. There are massive maintenance problems. There are 36 bridges in Aiken County that are rated as structurally deficient. We had one to fall down in Aiken not too long ago. There are another 18 bridges in Aiken County that are rated as functionally out of date. Approximately 141,000 vehicles per day travel over those 36 bridges in Aiken. Again, DOT has a huge problem with maintenance of roads and bridges. South Carolina ranks 4th in the nation in terms of miles of highway to be maintained, and ranks 40th in the nation in terms of land area. Looking at those two things by themselves, one might ask if there is a problem here. He said there is a problem because maintenance is not happening. Currently in South Carolina there is a \$29 billion backlog of maintenance. The question is where are our priorities and have we thought this through. Mr. Ruben asked where the money would come from to maintain the new million square feet of roadway, median, plantings and retaining walls if they are approved.

Mr. Gilbert noted other quantitative data that he wanted to bring to Council's attention. He said questions have been asked how long the project will take. He said he had heard it may take 4 years. He said for four years we will have a disaster on Hitchcock Parkway. There are 19 neighborhoods that are affected by this proposed freeway, 5 churches, a golf course, an elementary school, and the crown jewel of Aiken—Hitchcock Woods.

Mr. Gilbert stated he wanted to move into the qualitative factors that he hoped Council would consider carefully. Mr. Gilbert reviewed some statements from the Aiken Comprehensive Land Use and Transportation Plan. "Make major road corridors as attractive and functional as possible." "Consider making no road improvements which would harm visual character." "Promote a transportation system which will

accommodate but minimize the impact of the automobile.” “Protect the integrity of Hitchcock Woods.” “Discourage the encroachment of inappropriate development or roads that would threaten the integrity of the Woods.” “Create or maintain an attractive appearance and establish green-ways, protect environmentally sensitive areas, and protect wildlife habitat.” “The construction of a new road, road widening, addition of a turn lane, or other changes designed to improve the flow of traffic should consider its effect on the character of the city. The movement of motor vehicles should not be the only factor in determining when road projects should be constructed.” Mr. Gilbert stated those were not his words, but the words of City Council.

Mr. Gilbert then showed some pictures of Hitchcock Parkway which were taken on October 22, 2013, between 3 p.m. and 6 p.m. He pointed out there were no vehicles or only a small number of vehicles in the pictures. He said he had waited to try to get some vehicles in the pictures. He pointed out the pictures show a road which he thinks of as a parkway. He said the area kind of looks like Whiskey Road between South Boundary and Boardman Road. He stated the parkway look will all go with the proposed project, whether we are talking about a 55 mph or 45 mph typical. Mr. Ruben stated there will never be enough planting. They could plant until doomsday, but there would not be enough planting to replace what is currently there.

Mr. Gilbert stated the bulldozers will come in, the scrapers, the asphalt paving machines, the concrete mixers, and various pieces of equipment and people, and they will labor on the road for four years and the current look will be gone. Those living there will be living with the road for the rest of their lives, as well as people that traverse it.

Mr. Gilbert then showed pictures which he felt the view of the Hitchcock Freeway will look like in October 22, 2022. He felt this was a very realistic view of the Hitchcock Freeway nine years later. He said this is not computer generated, artist renderings of a roadway which have nice straight lines and beautiful trees, which DOT is not going to install. He pointed out the pictures were of East Pine Log Road, a DOT project. He said this is what it looks like when you bring the bulldozers in, the scrapers, the asphalt pavers, and take the trees down and not maintain the sidewalks. He showed a picture of Rudy Mason Parkway, another DOT project, with overgrown grassy area. He then showed some pictures of the retaining walls that Toole Engineers had talked about, the beautiful retaining walls. He showed a picture of the Palmetto Parkway. He said this is what he feels we can expect to see on Hitchcock Parkway. Toole advocated miles of retaining walls in order to reduce the footprint.

Mr. Gilbert stated their plea is “Don’t destroy Hitchcock Parkway.” He asked that they look at the big picture. He felt that is what is being missed. He said they are talking about 1.5 miles and whether it should be 45 mph or 55 mph, majoring in the minors, getting derailed by details, and getting the cart before the horse. He asked that Council think about this. He said we will have to live with this for decades. Mr. Gilbert stated the solution is simple and talked about earlier in the meeting. The solution is for City Council to request the South Carolina ARTS Policy Subcommittee to change the “Purpose and Need” for the project from “capacity” to “Operational/Corridor improvements.” That would get us out of the freeway situation immediately. He said this is like turning a light switch on and off. We have the perfect precedent. That is exactly what was done to resolve all the controversy and conflict over a period of many years with respect to the Silver Bluff Road project. That is exactly what was done, nothing new, and you don’t have to reinvent the wheel. The result of that is that we would have a unifying, thoughtful, targeted, cost-effective, productive, non-destructive, appealing improvement. He said they are not anti-improvements. There are many sensible, cost-effective, non-destructive things that can be done, such as passing lanes, acceleration lanes, and computer controlled traffic signals. He said the main problem on Hitchcock Parkway is traffic signals. People stop when the light turns red. He said the perfect example of that kind of smart targeted solution is the intersection of U.S. 1 and Hitchcock Parkway. The biggest bottleneck by far on Hitchcock Parkway, if there is such a thing, used to be rush hour, if there is such a thing in Aiken, traffic turning left from Hitchcock Parkway onto U.S. 1. That’s where you could get a dozen cars backing up and they would have to wait three minutes to make a left turn. Finally a second left turn lane has been added at U.S. 1 and Hitchcock Parkway. He said there is no problem

at that intersection now, traffic moves freely. He said that is the kind of thing they are talking about. We did not have to destroy people's property. We didn't have to spend \$40 million. It did not take four years. It is done. Somebody was thinking. He said the solution would end the contentious, unnecessary, ugly, expensive, ruinous freeway concept. He said the proposed project is a disaster as far as they are concerned.

Mr. Gilbert said his final pitch—Aiken's Appeal. He asked why people come to Aiken. He said he could have lived many other places, but the reason he moved to Aiken 24 years ago was because they liked how it looked, and they trusted that our City government was going to protect it into the future, and our children and grandchildren's future. Aiken's appeal is a fragile thing. It needs care, feeding and protection, and they look to City Council to provide that.

Mr. Bill Busser, Savannah Drive, thanked the Mayor and City Council for the time to speak. Aiken has a unique world character as Mr. Gilbert said. He said that was one of the reasons they stayed here when they retired. He said he was from Colorado. He had wanted to go back, but Aiken has a lot of urban character. He said he would like to urge City Council to consider the points that he will make to maintain this unique world character. He said Aiken has a Land Use Plan that was adopted in December, 1997. The plan has strong points to preserve Aiken's unique character and prevent urban creep. The goal of City Council should be to use the plan to make smart transportation improvements that preserve Aiken's world character. Methods for improvement include encouraging community involvement like this meeting. People have the free chance to speak which is a very good thing in Aiken. Council is always willing to listen to everybody's point of view. He said they want to prioritize smart improvements over major construction. They want to implement smart improvements to the mobility and corridors before initiating major construction. To date there are some groups working on petitions. They have over 500 signatures so far against expanding Hitchcock Parkway. Another thing we should look for with smart improvements is using the funding we have to do the implementation. He was not sure how we could go about planning huge roadway projects when we don't have the funding in the pocket. He pointed out on Silver Bluff Road we went through a long period of hassle trying to get that straightened out. We ended up with a plan to just put in turn lanes and keep the world character of Silver Bluff Road. Because of that we freed up some money that the city used to improve the Dougherty Road and Silver Bluff intersection and put in some extra turn lanes. It is now a very smooth intersection. He said we should use the plan the city has to prohibit improvements that have unacceptable impacts. He said one of the things he sees happening in Aiken that concerns him is that we have some residential areas and some semi-residential areas that seem to have preference in planning. We should include everybody. As Mr. Gilbert said he doesn't want to see freeways put through the horse district or on Whiskey Road, but we should treat everybody the same. One of the things on the list that we should not include that is in part of the plan is that we should not base all expansions on road counts, the number of people using a road. We have to try to maintain our urban character. If we look at Aiken's publicity, it includes horses, Hitchcock Parkway or freeway, Hitchcock Woods, and South Boundary road. The Chamber of Commerce's website has a picture of South Boundary road, but what they want to do is take Hitchcock Parkway and make it a freeway. Even the Chamber of Commerce has the wrong idea on how to keep Aiken as a nice world character area. In conclusion, he said the Aiken City Council has an obligation to the Aiken area to follow the Comprehensive Land Use Plan and Transportation Plan. He said even though many of the people who live along Hitchcock Parkway are not members of the city and voting for Council, Council is deciding on a lot of people's future who are outside the city's jurisdiction.

Mayor Cavanaugh stated he wanted to take a moment to remind everyone why we are here tonight to discuss this issue on the agenda. He said we have let it go on and on and all of a sudden we are into all other kinds of things. (The audience members started all talking at the same time. Mayor Cavanaugh asked them to be respectful when someone else is talking.) Mayor Cavanaugh stated at the end of the meeting, Council has to make a decision based on what's on the agenda. He said we are supposed to be talking about the specific item on the agenda. He reminded the citizens why we are here. He asked them to try to talk about the matter that is on the agenda. He said there had been a lot of

discussion and repetition. He asked that the citizens speak on the matter that is on the agenda.

Dr. Ilehr Brisbin stated he moved to Aiken in 1967 and during the intervening years has worked at the University of Georgia, Savannah River Ecology Laboratory, where he worked as a wildlife biologist and ecologist. One of the projects that the lab has always been involved in is the issue of deer car accidents. He said whitetail deer kill more people in the United States than all other forms of major wildlife combined. That is through accidents. It does not matter whether it is 45 mph or 55 mph, a collision can be lethal. The issue is what do we do to reduce the probability of a deer being struck by a car at 45 or 55 mph in crossing this piece of road. He pointed out the road crosses a major area of deer movement east to west from the major deer friendly habitats to the southwest down to the Savannah River swamps and up to the east into the Hitchcock Woods. As deer cross the road the issue is first of all how fast people are driving, how wide the area is that they have to cross, and how long are they going to be spending in the area that they are crossing. One of the best ways to make them slow down and spend more time in the roadway is to put a median strip and plant it with succulent vegetation. He pointed out that the slides shown by DOT show a green strip down the middle of the road. That is a median strip and to a deer that is kind of like a smorgasbord or the salad bar lane at Ruby Tuesday's. They don't graze a lot in the habitat on either side as it is mostly pine scrub, but if good vegetation, grass and ornamental shrubbery, is planted they will come in and graze that and spend more time in the highway area. He said he was in a meeting with DOT people about this and the DOT people said they had not really thought about that. He said they must not have thought too much about it yet, because Mr. Pearce just said that Tom Rapp, City Horticulturist, had approved the list of plants to be put into the smorgasbord. He said someone may say there is a nicely planted median strip along Richland Avenue. He pointed out, however, that is not good deer habitat on both sides of the road. To cross that area the deer would have to pick their way between the wrecked cars, buses, trucks, etc. He pointed out the Hitchcock Parkway area is good deer habitat on both sides. He asked that Council think about whatever speed limit is picked reducing it to the point where you won't be killing or seriously injuring the people who drive.

Mr. Bob Horning, Ruffian Road, stated Mr. Gilbert and Dr. Brisbin had brought up some major points. He said two points that really concern him about the numbers is the 141,000 vehicles per day crossing unsafe bridges. He said substandard means unsafe to him. He said that is bad news and someone is going to get in trouble about that. The worst thing is what are we going to do when all you guys have voted for this, and we have bridges that are not maintained. He said suppose we have a yellow vehicle that is filled with school children upside down because we have neglected to maintain our current bridge structure as it is now. He said that is another real issue that no one has brought up yet. He felt that was very important. He said in looking at the pictures Mr. Gilbert had we are not maintaining what we have now, even in the city, and we certainly are not maintaining those 36 bridges. He said everybody needs to remember that. He said he also has 973 names of people that are going to work through the Chamber of Commerce. He said these people are willing to look in the window of a retail establishment in the city and if the Chamber of Commerce does not change their point of view, they are going to take their business elsewhere. We don't need to support people that are not worrying about our health and safety of our families and children going across the bridges. He said he was directly affected by the project.

Ms. Sherry Norton stated she lives in Surrey Wood which is located along the Hitchcock Parkway. She said most of what she was going to say has already been addressed by Mr. Gilbert. She said she heard someone say they were not familiar with the report that Mr. Gilbert was talking about regarding the volume of traffic decreasing. She said it was the Level of Service Report. She pointed out there was a problem in the report as all the way through it talks about how the volume has decreased except in the conclusion there was an error there where they must have left a paragraph from an earlier report where they said Hitchcock Parkway was one area with an increase in volume since 2010. She said that was an error because all the way through the report it said there was a decrease from 2010 to 2012. If a person were to just read the conclusion of the Level of Service Report they would not realize the traffic had decreased. She pointed out it had been mentioned

that Sam's Club was one of the reasons why this road is needed. She pointed out the things that they are building over there, including the Sam's Club and the Walmart, will make more of a balance and keep people on the north and west side from having to come to the south side. Even if some of the people from the south side go over there, it will be balanced by the people who don't have to go to the south side for shopping because of the new facilities that are being built on Richland Avenue. Medical facilities are increasing on the south side now so people don't have to take the parkway. She said these are some of the reasons to explain the decrease in the last two years of the use of the parkway, including the rising price of gasoline and people buying things on the internet. She said all these things will continue. It is not just some fluke. She said people are not having to travel the parkway as much as they were, in addition to the continuing layoffs at SRS. She said we were told to keep comments to just whether the typical would be 45 mph or 55 mph. She felt the reason we are at the point now of making such a narrow decision is because nobody's comments up to this point have really been listened to or anything done. She said they have been saying all along they don't want this, and now it is at the point where you can comment on how wide and how fast the road should be. She said she hoped City Council will consider the comments. She said they ask for input all the time, but she is not sure what they do with it. She said she had canvassed her neighborhood and almost everyone she had talked to said they were against widening the Hitchcock Parkway, but they feel there is no point in trying to fight it because they think it is a foregone conclusion. She said she finds that very sad.

Ms. Kim Wyszynski stated she lives on Hickory Ridge Road just off the bypass called the Hitchcock Parkway. She said her comments were different. She pointed out she had had a conversation with the Mayor one afternoon for about 45 minutes about the parkway widening. She said she felt the issue had become personal with the Mayor. She said about 19 years ago the Mayor commented to somebody that he was bound and determined to get a beltway completely around the City of Aiken. She said she believed that if other people who have heard the facts that have been mentioned today and were to think with their own mind about whether they really thought Hitchcock Parkway should be widened or not and not just follow the Mayor's lead and the same for those on the ARTS Committee. She said it seems that they are just following the Mayor's lead. She said if they would really listen to what has been said and the facts as they have been presented and not just follow, then maybe the right decision would be made. She said there is a right decision and that is to change the purpose of need to operation of corridor improvements. She said that is what is really necessary. She said she felt Council is ready to follow the Mayor's lead because that is what they do. However, if they would really think for themselves about what would be the right thing to do, then maybe the road would not be widened.

Mayor Cavanaugh stated he did not remember saying that, but he may have said it. He said if you look, we already have a great part of what Ms. Wyszynski called a beltway. He said Hitchcock Parkway is part of the connection between the east and west. He said he appreciates all the comments made, and he was not going to try to discourage others. He said there are a lot of facts that have not been mentioned, but that will come at a later date. He pointed out safety was not mentioned. The grown in the north was not mentioned; there are 33 square miles opposite Aiken High School going up to I-20 that will grow in the future. He said one thing Council has to look at is what do we do for the future. He felt we have to look to the future, not just now. He said the parkway is the only road right now. He said he did not believe that it will be destroyed like the pictures shown. He said he could show other pictures of accidents on that road.

No one else asked to speak at this point. Mayor Cavanaugh stated the matter was back to City Council to make a decision. He said Mr. Gantt had said that if Council makes no decision at this meeting, DOT will work on the design using both the 45 mph and 55 mph typicals.

Mr. Gantt stated if there is no motion tonight, DOT can proceed to the public information meeting, but they will show both the 45 mph and 55 mph typical sections and take comments on both.

Mayor Cavanaugh stated it is up to Council to decide what they want to do with this issue this evening.

Councilwoman Price stated on the agenda for tonight's discussion is the 45 mph concept versus the 55 mph concept. She said she made the motion at the last meeting given the information to have the two variables. She said she understands what has been proposed in terms of the purpose of the need and changing that. She pointed out that is not on the agenda. She said her advice would be to look at an agenda item for that. She said the discussion for this meeting is the 45 mph versus the 55 mph typical.

Councilwoman Price moved that Council recommend the 45 mph typical section throughout the Hitchcock Parkway corridor to SCDOT. The motion was seconded by Councilwoman Diggs. Councilwoman Price withdrew her motion as Councilman Dewar wanted to discuss the matter. Councilwoman Diggs withdrew her second to the motion.

Councilman Dewar moved that the rules be suspended for discussion before making a motion. The motion was seconded by Councilman Homoki and unanimously approved.

Councilman Dewar stated he wanted to get a very clear picture of the road ahead. He said tonight we are talking about the speed limit and need to decide either the 45 mph versus 55 mph typical. Then we are talking about a public meeting. He said no one addressed the issue of a public meeting in December so that must be all right. He said if DOT decides they will have the public meeting in December, they will take comments from everybody that goes to the public meeting. Then DOT would proceed to design which will take from 12 to 18 months. He said once the public meeting is held would City Council have any part or vote on the DOT design.

Mr. Gantt stated when they come back to close the process they have the hearing and go to the public for that. At the end of the process, DOT would come back as they do on all projects that happen within the municipality to request the approval of the Municipal Agreement as we have done on several other projects that we have moved forward with.

Councilman Dewar pointed out though that at that point DOT has a final design. He said the approval of the municipality is generally a formality. He said there is a lot of heat whenever the public meeting is held. He said he may sound confused and he is. He said he was not sensing when City Council gets to vote on what is done on the road. He said he was hearing that whatever is done tonight, DOT will go to the public meeting. Then it is out of Council's control because the people will tell DOT what they think about it. DOT will consider what they think about it. Then DOT will go to a final design. It never comes back for another public hearing on the design.

Councilman Homoki stated basically the design is driven by the ARTS. It is the 4/5 lane design that is on the table. It is capacity driven, not Level of Service. He asked what they would really be voting on. He said they would be voting on the 45 mph or 55 mph, but the structure would be the same thing regardless.

Mayor Cavanaugh stated Council can decide at some point in time whether they want to proceed with the widening or the other method.

Councilman Dewar stated that was not what he was hearing from Mr. Gantt. He said what he is hearing from Mr. Gantt is that they would have a public meeting after Council makes a decision tonight. Then he takes the public meeting and the comments from the public which could include comments from members of Council. He will take the comments under consideration and do the final design and then come back to Council in about 12 to 18 months with the final design and the request for Council approval of the Municipal Agreement which is pretty much a formality.

Mayor Cavanaugh stated unless it is stopped before then.

Councilman Homoki stated there is a solution on the table now. He asked the Mayor when City Council had given their input to ARTS as far as the Level of Service versus the capacity driven design.

Mayor Cavanaugh stated it had been years ago. He said a lot of people were involved in the decision. He said the County Delegation was in favor of widening Hitchcock Parkway

Mr. Gantt stated the widening of the parkway was identified in the long-range plans of the MPO. Then it moved forward toward being funded in the TIP which is the Transportation Infrastructure Plan. He said it was identified 20 years ago in the long range plan. When the funding was identified and the ranking proceeded up, then they proceeded to move forward with the project which was in the last few years.

Councilman Dewar stated he always thought that Council would get to look at a design, and Council would get to see where they are going to put the walls if needed, where they would have to acquire land, etc. Then Council would be able, based on what DOT is specifically proposing to do, to vote on it. He said he was not hearing that is the case.

Councilwoman Price stated she thought that was their decision. Council can decide that.

Mayor Cavanaugh asked DOT if Council will have another opportunity.

Mr. Young stated he would try to add some clarity. He said DOT is asking Council tonight for the city to say that they either support reducing the speed to 45 mph and reducing the corridor or they have no stance. If Council has no stance then DOT goes to a public information meeting with both the 45 mph and 55 mph typicals and will take comments from whomever, including Council. Then DOT will decide how to proceed with all the information. There will not be another public information meeting or DOT coming before Council requesting something official. He pointed out that Council at any time can say that they support reducing the speed limit. He said they usually wait two weeks after the public information meeting to gather all the information. Within that two weeks if Council wants to send a letter or something to DOT that says after the meeting they decided they support reducing the speed limit to 45 mph and thus reducing the impacts, then DOT will take that into consideration as saying that is how they need to move forward. He said the reason for asking for the decision at this meeting or asking for comments is so DOT would know what to take to the public information meeting. He pointed out DOT's recommendation at this point is to have a 45 mph section and then in the area that is currently 55 mph to continue to have that area 55 mph. He said DOT wanted the city to say to DOT whether the city wanted to reduce the impact and reduce the speed limit to 45 mph where it is currently 55 mph or not. He said if Council does not want to do that or does not choose to say that at this meeting, DOT can still move forward with the information and at any time take comment to that effect. He said it just helps DOT if they knew today that the City was in support of reducing the impacts and reducing the right of way before the public information meeting so they would have enough information to say to their superiors that it is a good idea to go back against what DOT recommended and reduce it to 45 mph. He said that is what DOT is asking for.

Councilman Dewar stated he wanted to go back to his original comment. He pointed out that when DOT goes to the public information meeting DOT will do something. If Council does nothing at this meeting, DOT will go forward with the 45 mph and the 55 mph typicals. He said when DOT goes to the public information meeting, whenever it is held and gets comment from the public which might include comments from Council members, he is hearing that is the end. DOT will then start their design and have it ready in 12 to 18 months. Then DOT will come back to Council for approval of the Municipal Agreement.

Mr. Young stated he wanted to make it clear that DOT continues to hear comments throughout the entire process. They hold a two week time period in order to gather results of the information meeting to summarize the comments.

Councilman Homoki stated he hears what he is saying. However, he said they are actually saying they are driven by the ARTS decision and regardless of whether it is the 80 foot version or the 96 foot version that is what DOT's recommendation and design will follow. He said basically what he gathers from speaking to citizens and going to a couple of their meetings, they are looking at putting some acceleration lanes, climb lanes, and turning lanes which is a much more modest proposal. That is what the citizens are driving at. He said the citizens could put 100 comments on the hearing, but DOT is driven by the ARTS decision to totally just disregard that because that does not fit into the equation. He said DOT is committed to either a 4 or 5 lane, with an 80 or 96 foot design regardless of the speed limit.

Mr. Young asked that he be allowed to make a correction in the statements. He said DOT takes in all comments. They have to sit down and summarize everything they get. He said it is correct that the current action by ARTS is to do a project that the purpose and need is capacity and that is adding lanes. Again, though DOT takes all the comments and summarizes them. He said he would not say that at the end of all that they will continue to do a capacity project as there are so many things that can happen. He said they have to get FHWA's approval to move forward when they have the public information meetings. He said the citizens have every opportunity to speak to ARTS and say that either the project is a project that they want or a project they don't want. Whatever the comments are that they receive, they take all of that into account. They take all comments into account before moving forward.

Mr. Gilbert commented that DOT could get a zillion comments, but what Councilman Homoki said is exactly right—unless the purpose and need is changed DOT will continue to come back with what they call a freeway concept.

Mr. Young said DOT was asked to come to address the 45 mph and 55 mph concepts. He said he wanted to address the comments. He said he had worked over 17 years with SCDOT. In Charleston they had several projects in which the purpose and need was still the same, but the public outcry to change something was such that FHWA decided for them to move in a different direction. He said it is possible, and he is answering their question. He said he was asked if it was possible for that to change. He said he was answering that it is possible to change. However, he said he would not stand here and say that is exactly what will happen.

Mr. Gilbert stated he deals with probabilities. The probability of this not being a freeway with the current purpose and need established, is very low that it will end up without action by ARTS as an operational/corridor improvement.

Mr. Young stated the answer to the question is that action has to be taken with ARTS. He said the question to him was whether DOT takes comments into account. He said his answer is yes DOT does take comments into account. He said, however, if they are asking what action they need to take place to change the purpose and need that is with ARTS. He said he was separating the issues.

Councilwoman Price asked if it would help to get a vote from City Council at this meeting. Mr. Young responded that it would. He said getting a vote of Council tonight allows DOT to move forward without having to show a 55 mph design because they would have enough support by the city that says they do not support a 55 mph design.

Councilman Dewar stated he understands that ARTS would not change the purpose and need without a recommendation from City Council. Mayor Cavanaugh responded that is what he thinks. Councilman Dewar stated even with a recommendation from City Council they might not change it because DOT said the federal highway people have a role in the decision process. For sure without City Council supporting a change in the purpose and need, ARTS would not change the purpose and need.

Mayor Cavanaugh stated he did not know what ARTS might do. He did know that Council is here to make a decision or not make a decision on the 45 mph versus the 55

mph concept that DOT has presented. He said Council has heard that they do not have to make a decision at this meeting; it is up to Council.

Councilman Homoki moved that Council recommend to DOT that the 45 mph concept be adopted for the Hitchcock Parkway widening project. The motion was seconded by Mayor Cavanaugh.

Councilman Dewar stated he was still disturbed with the process. He said he has a heartburn with the process. He said he does not see City Council being able to approve a final design. He said City Council is being asked to approve whatever the SCDOT engineers think is best with a 45 mph speed limit. He said there might be areas where they would want to put retaining walls that Council might want to discuss or there might be areas of land acquisition that might be a problem.

Councilman Homoki stated he was very uncomfortable with the numbers as far as volume of traffic. He said this goes back before he was on City Council. He said he did not remember ever voting on a concept of four lanes as it goes way back. He pointed out SRS was growing years ago.

Councilman Dewar stated the need for the road is not based on the Savannah River Site. It was initially, but it is not today.

Councilman Homoki pointed out that the city's volume of traffic report actually shows a decline in the traffic volume. Then like one of the speakers said, traffic is going up and then the conclusion is that traffic is going down or vice versa. He felt that should be reconciled. He said maybe Council should not have a vote.

Councilman Dewar pointed out there is an engineering traffic count report from SRS that shows the numbers and shows that the parkway is at capacity. DOT has been trying to fix this road for 30 years with the growth rate, etc. He said the justification for the four lane road is there, but his frustration is that he always expected to see what the road specifically would look like before he voted. He said he was hearing now that would not be the case.

Mr. Pearce pointed out there is a public hearing after DOT comes up with a design.

Mr. Young stated currently DOT is planning to come back to the public in December with a public information meeting. When they have the public information meeting, what they will be showing is a conceptual plan based on the typical section they are running through. It would not have final hydro-design; it would not have final traffic design; it would not have a lot of the things that qualifies and quantifies what right of way impacts there would be. That would take a while to develop. He said there are a lot of things from the time they set the typical section until the time they can actually show every individual property owner how much property they need and their impact. He said there is a lot of time between those two events. He said if the question is if DOT will be able to tell Council and the citizens in December exactly how much right of way they will take from a certain property, they would not have that. They would have a typical section that they estimate the possible impacts with the typical section. They would still have to design all the walls. They would still have to do a noise study. There may even be a noise wall if it shows that is what is needed in the area. There are a danger species report and wetlands impacts report that have to be done in compliance with regulations before they come back and present a final design that shows the impact of every property.

Councilman Dewar pointed out that by that time City Council has no authority to say they don't want the road.

Mr. Young said if they would be asking DOT to adjust the right of way or adjust the alignment based on hitting one particular property versus the next, then the problem is they are going through and balancing all the impacts of a project. He said they have to look at the balancing of all human and natural impacts. They have to look at balancing all of it. When they do a typical section they are looking to see how that typical section

will affect the entire corridor. What they would be producing is something that tries to balance all of the impacts.

Councilman Dewar stated he understands that, but we are talking about a very sensitive road in the City of Aiken. He said he was just not comfortable getting to the point of knowing exactly what you are going to do to that road, before he has to vote to approve it.

Mr. Young stated Council's vote to approve the project in terms of approving it to happen within the city limits is a Municipal Agreement that does not happen until the public hearing happens. Council's approval today is to approve the typical section that Council thinks should be run throughout the project so DOT can design the project to evaluate what the impacts are.

Councilman Dewar stated the Municipal Agreement that Council approved for Silver Bluff Road was just several months ago. He said that was 8 years into the project because of the delays that Silver Bluff had. A change in purpose and need to Silver Bluff, in his mind, was primarily to protect the residents of Gem Lakes so we did not have to take their trees down and destroy their backyard view. The fact remains if Council approves the speed, he won't see what the road will look like until it is all designed.

Mr. Young stated he was just trying to address the action Council was asked to take which is the typical section action and try to make sure we separate that from the approval of the project to within the municipality which is the Municipal Agreement.

Mr. Pearce stated the vote tonight would be reflected on the concept plan that would be at the December public information session.

Councilman Homoki pointed out if Council does not vote, DOT will go with the 45 mph and 55 mph regardless. He said DOT has their marching orders.

Councilman Dewar stated that was fine, but he was not going to vote for a road that he cannot see. He said it just does not make sense. He said he understands this is it as far as Council is concerned. Once the vote is made at this meeting, then there will be a public information meeting and the Council as a body will not have a meeting where Council will move, second and vote to approve the road as being designed.

Mayor Cavanaugh stated his understanding is that DOT will bring both typicals back to the next meeting. If Council does not vote at this meeting, DOT will work on both typicals for the corridor.

Mr. Young stated what Mr. Gantt presented at this meeting was a diagram with both typical sections and both impacts for right of way for 55 mph and 45 mph. DOT may have to separate the two typicals just to show clarity as to what the impacts are. They would show both the 55 mph and the 45 mph typical in the areas where we are trying to decide whether the city wants 55 mph or 45 mph.

Mayor Cavanaugh stated if DOT knew tonight that the 45 mph concept is what Council wants, that would make less work for DOT.

Mr. Pearce stated he understood that the project would have less of an impact and footprint with the 45 mph. Mr. Young stated the 45 mph typical would have less of a footprint.

Mayor Cavanaugh stated he realized that. He said if DOT is going to go back and work on the 45 mph typical and the 55 mph typical, and show both typicals, if a decision was made tonight DOT would not have to work on both typicals. Mr. Young stated a decision for one typical would reduce DOT's effort before they come back in December and show the one typical to the public at the public information meeting.

Councilman Homoki stated if Council votes on the speed limit at this meeting, then in December the only option DOT will show is the 45 mph with 80 foot wide impact. Mr. Young responded that is correct.

Councilman Dewar stated the problem in his mind is he thinks there is a likelihood that we could come up with a good job with a parkway and make this roadway a parkway and not the freeway that the citizens are talking about. He said, however, Council won't get a chance to look at that. He said the goal of DOT may be to make it a parkway.

Mr. Young stated this is an iterant process. He said once they start to do the hydro design and other studies, DOT will continue to have conversations with the city, city engineer, and city administration as to how the details are falling out—how the impacts are falling out. There is always opportunity even for individuals to be able to come and ask what's going on, what the process is, and show how this is affecting the area. He said they have met with people on site, in their backyards. We have met with people just to show them what the project looks like and what it will look like in the future as DOT goes along the process.

Councilman Dewar stated he understands what is being said. He said there are people in the community who support a good four lane parkway. They have not spoken at this meeting. When the project first started, it was mostly negative comments that he heard. Then in the past year there are more and more people, not an organized group, that have said Hitchcock Parkway has always been designed to be a four lane road, and they can live with it if it is done right. He said his frustration is that he can't see if it is going to be done right.

Councilwoman Price stated her understanding is that the purpose and need is not decided by City Council, but is decided by ARTS. She said if individuals are looking for Council to change the purpose and need tonight, Council cannot do that. The action for Council at this meeting is to determine whether the speed will be 45 mph or 55 mph for the typical design.

Councilman Ebner stated what Councilwoman Price said is the only thing the city can impose--a speed limit request. The rest is an ARTS decision. City Council can't change it.

Councilman Homoki asked if the original ARTS decision was predicated on city input. Councilman Ebner responded no.

Councilman Dewar stated as he recalls as related to Silver Bluff the purpose and need for Silver Bluff was changed after City Council sent a letter to ARTS asking that it be changed. Without the letter from the City, it probably would not have been changed.

Mayor Cavanaugh stated it needs to be known also that in talking about Silver Bluff that Council and Gem Lakes and Woodside residents wanted a one-lane improvement. The first thing we saw when we into the meeting was a picture of a wide-wide lane. He said from there it was a struggle to get it back down to where it is now. He said there is a lot of difference between Silver Bluff and Hitchcock Parkway. He pointed out that adding one lane on Silver Bluff was all that was needed. He pointed out what happens to Silver Bluff Road when you get to Richardson's Lake Road. It goes into a two lane road. He said that portion of Silver Bluff will not be widened so it did not make sense to have a 4 or 5 lane road go into the two lane road at Richardson's Lake Road.

Ms. Diana Postles, of 1779 Agile Court in Foxchase, asked at what point is it proper or possible to ask City Council to discuss the land conservation ideas, and the objectives for the city that have been passed, and decide among Council whether this road as driven by capacity will fulfill those objectives, or would it be better to approach the ARTS Council which the city has connections with, but as individual citizens they do not have, and support a change in purpose which would be more in line with the city's objectives. The direction then would be toward improvement, not toward the four lane freeway. Then we

would not have to worry about DOT, and they could go on with more of an improvement concept. She asked how they get Council involved in the change if that would be Council's vote or desire.

Mayor Cavanaugh stated City Council can meet with the ARTS at any time and at any meetings. He pointed out many of the citizens present have met with ARTS and the South Carolina Subcommittee. He said Council still has the issue on the agenda tonight that needs to be considered.

Councilman Homoki withdrew his motion made earlier to approve the 45 mph design typical. Mayor Cavanaugh said he would consent to Councilman Homoki's withdrawal.

Mayor Cavanaugh asked if Council wanted to make a motion. He pointed out Council does not have to approve anything at this meeting, but it would help DOT if they did.

Councilwoman Price moved that Council recommend to DOT that the speed limit for the Hitchcock Parkway corridor widening project be 45 mph and that Council also let the ARTS Commission know that there were strong concerns expressed by citizens present at the meeting who were concerned about the purpose and need of capacity for the Hitchcock Parkway corridor. The motion was seconded by Mayor Cavanaugh.

Councilman Homoki asked how the second half of the motion would be carried out; would it be done by a letter or how.

Mr. Pearce stated it could be done by a letter from the Mayor.

Councilman Dewar stated they did not have to worry as the ARTS Commission would be very well informed on November 7 of the opinions of the people at the Council meeting. They will know where the people at this meeting stand. He said he would not support the motion because he was disappointed that he can't see what the road will look like and there is no time in the process to come back and get Council's approval.

It was pointed out that Council would not be approving the road, but only approving the concept of a 45 mph or 55 mph typical.

Councilman Ebner pointed out it will not come back to Council at any time either. Councilman Merry pointed out if Council does or does not vote on it tonight, they will not get to look at it. Councilman Homoki pointed out if Council does not vote on it tonight, DOT will proceed with a 45 mph and 55 mph mixture along the corridor.

Mayor Cavanaugh called for a vote on the motion to approve the 45 mph design typical. The motion was approved by a vote of 6 to 1, with Councilman Dewar opposing the motion.

RAILROAD DEPOT

Train Museum

Visitors Center

Councilman Homoki pointed out the Model Railroad magazine in their holiday issue 2013 recognized the Aiken Visitors Center and Train Museum and the dioramas as one of the better ones in the world. He said it was a great honor to have an article in that magazine about the Railroad Depot.

BOARDS AND COMMISSIONS

Appointments

Lori Comshaw

Recreation Commission

Mayor Cavanaugh stated Council needed to consider appointments to the various boards, commissions, and committees.

Mr. Pearce stated Council has 11 pending appointments to fill vacancies on different City boards, commissions, and committees. One appointment is presented for Council's consideration and vote.

Councilman Dewar has recommended that Lori Comshaw be appointed to the Recreation Commission to fill the vacant position of Rose Lee Fox. If appointed the term would expire September 1, 2015.

For City Council consideration is the appointment of Ms. Comshaw to the Recreation Commission with the term to expire September 1, 2015.

Councilman Dewar moved, seconded by Councilman Ebner, that Council approve the appointment of Lori Comshaw to the Recreation Commission with the term to expire September 1, 2015. The motion was unanimously approved.

Mayor Cavanaugh stated he had a nominee for the next meeting. He recommended that David Fauth be appointed to the Energy and Environmental Committee to fill the position of Mark Hudgins.

CROSLAND PARK – ORDINANCE 10282013

Sale of Property

1407 Aldrich Street NE

Charles Means

Mayor Cavanaugh stated this was the time advertised for second reading and public hearing on an ordinance to sell a house in Crosland Park at 1407 Aldrich Street NE.

Mr. Pearce read the title of the ordinance.

AN ORDINANCE AUTHORIZING THE CITY OF AIKEN TO CONVEY CERTAIN REAL PROPERTY IN THE CROSLAND PARK SUBDIVISION AT 1407 ALDRICH STREET NE TO CHARLES C. MEANS.

Mr. Pearce pointed out the location of the house that is proposed to be sold is in the middle third of the Crosland Park Subdivision.

Mr. Pearce stated Charles Means, a City of Aiken employee who is currently renting a home in Crosland Park on Wyman Street, has offered to purchase 1407 Aldrich Street in Crosland Park for \$77,000. He qualifies for a \$5,000 state grant, which must be repaid in three years. Mr. Means can repay the loan at his pace so long as it is paid in full in the three year period. There is no interest on the grant money, but it has to be paid in full. Since the Aiken Corporation purchased the property, they agreed at the October 9, 2013 meeting of the Aiken Corporation Executive Committee, to contribute \$2,500 to match the City's grant of \$2,500 for a total match of \$5,000.

Mr. Pearce stated staff had reviewed this purchase and recommend Council approval, along with the other conditions of purchase. There was some concern of Council regarding cost of some improvements for closing. The city received an estimate for repair of the heating/air conditioning unit for \$776, appliances cost \$1,858, concrete pad \$500, and miscellaneous expenses of \$100 for a total of \$3,234. The \$1,858 is to replace the appliances with stainless appliances. The current appliances will be used in the next house that is rehabilitated. That is a cost the city would incur in putting appliances in the next house. The actual cost would be \$1,376.

City Council unanimously approved this ordinance on first reading at the October 14, 2013, meeting. For Council approval on second reading and public hearing is an Ordinance to sell 1407 Aldrich Street to Charles Means for \$77,000 with the terms and conditions set forth in the Purchase and Sale Agreement.

The public hearing was held.

Councilman Dewar asked if the cost of improvements that were being made was because Mr. Means is a city employee.

Mr. Pearce stated those costs are part of the negotiated closing. The grant money is because Mr. Means is a city employee.

Councilman Ebner pointed out the two matters are different. He pointed out Council had said they would do grants for city employees. He said the miscellaneous repairs will have to be done to every house that is sold. He said there will be other miscellaneous things to be done as the city sells other houses.

Mr. Pearce pointed out the repairs need to be done to the house for the HVAC to work.

Councilman Dewar asked as we sell other houses will we do miscellaneous repairs as well.

Mr. Pearce stated we have to put the houses in saleable condition to meet the lender's requirements.

Councilman Ebner pointed out the grant is only for city employees.

Councilwoman Diggs moved, seconded by Councilman Homoki, that Council pass on second and final reading an ordinance to sell 1407 Aldrich Street to Charles Means for \$77,000 with the terms and conditions set forth in the Purchase and Sale Agreement. The motion was unanimously approved.

RESOLUTION – 10282013A

Edgewood Subdivision
602 Kershaw Street NE
Purchase Property

Mayor Cavanaugh stated Council needed to consider a resolution to purchase property at 602 Kershaw Street NE.

Mr. Pearce read the title of the resolution.

A RESOLUTION AUTHORIZING THE PURCHASE OF A LOT WITH IMPROVEMENTS AT 602 KERSHAW STREET NE BY THE CITY OF AIKEN.

Mr. Pearce stated Council will recall that the Edgewood Subdivision is within our Northside Redevelopment Initiative area. To date, we have developed three houses in Edgewood which all sold prior to their completion. Before additional development can occur, we must address storm water retention issues in the neighborhood.

The property at 602 Kershaw Street NE has been on the market for some time. It is located at the corner of Kershaw Street and Bamberg Avenue. We own the two adjacent lots north of this property [606 Kershaw Street NE and 612 Kershaw Street NE]. He said this property and the two adjacent parcels are key components to addressing storm water retention concerns and potential future development in Edgewood. He said if we purchase this property that will give us an entire section. He said according to George Grinton, Engineering and Utilities Director, we have some areas that do not have water runoff problems that we can redevelop and sell as part of the Northside Revitalization project. He said redevelopment had been discussed at the summer worksession.

We offered the owners of the property \$22,500. They have accepted our offer. Council will need to approve this purchase with an appraisal as a precondition to this purchase being closed.

For Council consideration is a Resolution to purchase 602 Kershaw Street NE for \$22,500 so long as this property appraises for at least this amount.

Councilwoman Diggs asked if Jake Street would eventually be in the plan. Mr. Pearce responded it would as we develop the areas we already own, and then purchase additional property.

Councilwoman Price stated the lot is a good size and on the corner.

Councilman Ebner stated he thought 612 Kershaw Street was donated for the city to tear the house down. He asked if the lot at 602 Kershaw would be used for a detention pond or are we buying it to build a house on in the future. Mr. Pearce responded to build a house on in the future. Councilman Ebner was concerned that, with the cost of the lot, that would put us over \$100,000 to break even on the property. He felt the cost was high. Mr. Pearce stated we typically can tear the house down for about \$5,000.

Councilman Ebner stated at some point if we have enough area there we could put 12 to 15 houses. He asked if that would be an economic engine for the commercial or private sector to move in versus purchasing the property. He said at some point you get enough volume, and that was the idea, to get enough seed and then 12 or 15 houses could be built and the commercial or private sector takes over. Mr. Pearce pointed out the city had built three houses in Edgewood. Those have all sold. In fact they sold before they were completed. He said we are trying to follow what we discussed with Council at the summer work session which was to find a cluster as opposed to having scattered lots to rebuild.

Councilman Ebner stated with the lots we have we could probably build about 9 or 10 houses with 50 foot lots.

Mr. Pearce stated the proposed purchase would give the city the corner lot which is a highly visible area.

Councilman Ebner stated he had talked to Habitat about building a house now. He said the drainage has to be taken care of before building. He said there was a possibility that one lot may be donated to Habitat.

Mr. Pearce stated the city has some buildable areas, even with the water problems. The water problems seem to be south of the cross street.

Councilwoman Diggs asked if the house that would eventually be built in the area would be on the same style as the three that are on the corner by the Edgewood sign. Mr. Pearce stated this is where we would start.

Councilman Dewar asked when we last sold a house in Edgewood. Mr. Pearce responded we sold three houses and sold them before they were completed. He said he did not know the year they were sold.

Councilman Dewar stated his concern is whether the city should continue to be in the housing business given the economy.

Councilwoman Diggs moved, seconded by Councilwoman Price, that Council approve the resolution to purchase 602 Kershaw Street NE for \$22,500 so long as the property appraises for at least that amount. The motion was approved by a vote of 6-1, with Councilman Dewar opposing the motion.

ACCOMMODATIONS TAX COMMITTEE

Funding Matrix Recommendation

Mayor Cavanaugh stated Council needed to consider the funding matrix recommendation from the Accommodations Tax Committee.

Mr. Pearce stated each year, the Accommodations Tax Committee reviews many funding requests from community organizations and non-profit groups that promote tourism by visitors.

At the March 25, 2013, Council meeting when considering the funding request for Accommodation Tax funds, Council asked the Accommodations Tax Committee members to review its allocation methods and recommend improvements for a more objective way to distribute these funds.

The Accommodations Tax Committee has developed a proposed matrix to distribute our Accommodations Tax revenues. They propose the following:

- More succinct applications. The marketing section of the application will now be a separate spreadsheet completed by the applicant and attached to their applications.
- The matrix proposed by the Committee will reflect the entire application and will be used by Committee members to grade the application. Staff will total the matrix grades. These will then be used by Committee members to help with funding decisions.
- Before their annual funding meeting, a work session will be held where each applicant is privately interviewed by the Committee. Funding recommendations will be revealed at the annual meeting and then sent to City Council for approval.
- All Accommodations Tax-funded events will be required to provide a list of City hotels for use by prospective visitors and participants.
- Accommodations Tax-funded events will feature our tourism logo on all print and web-based advertising.
- The Accommodations Tax Committee will review all projects and events on a quarterly basis so applicants and the Committee can have timely information about how funding was spent and provide any other information.
- Parks, Recreation and Tourism staff and Accommodations Tax Committee members will conduct a training session for all potential FY 2014-15 applicants.

The Accommodations Tax Committee recommends the implementation of these changes for FY 2014-15. Samples of the new forms were provided to Council for reference.

For Council consideration is the approval of the Accommodations Tax Committee's recommendations to modify the method of allocating Accommodations Tax revenues including the development of a matrix to be used by our Committee for this year's review of applications and award of tax funds.

Mr. Pearce stated Peggy Penland, Chair of the Accommodations Tax Committee, is present to answer any questions Council may ask.

Councilman Dewar stated he felt their work and matrix was superb. He said they had done a good job. Councilmembers expressed thanks for their good work.

Councilman Dewar moved, seconded by Councilwoman Price, that Council approve the Accommodations Tax Committee's recommendation of a matrix to be used by the Committee in their review of applications and award of Accommodations Tax funds. The motion was unanimously approved.

RESOLUTION

Water Service
1861 Columbia Highway
Ya Min Hsu
TPN 135-05-02-018

Mayor Cavanaugh stated Council needed to consider a resolution authorizing the provision of water services to property located at 1861 Columbia Highway.

Mr. Pearce read the title of the resolution.

A RESOLUTION AUTHORIZING THE PROVISION OF WATER UTILITY SERVICES TO PROPERTY LOCATED AT 1861 COLUMBIA HIGHWAY.

Mr. Pearce stated owner Ya Min Hsu has requested water utility service for her manufactured home at 1861 Columbia Highway [US 1]. The parcel is about a 2/3 of an acre lot located south of Gregory Road.

As pointed out in Planning Commission Chair Liz Stewart's memo, Council adopted a policy for providing water service for properties currently outside the city limits. This policy typically requires those customers to sign an Annexation Agreement, comply with Tree Preservation, Landscaping, and Signage Regulations of our Zoning Ordinance, if applicable, and comply with our Land Development Regulations in regard to utility designs. As a residential property, the Tree Preservation, Landscaping, and Signage Regulations of our Zoning Ordinance are not applicable.

On October 15, the Planning Commission voted unanimously to grant this request upon these conditions:

1. This approval apply only to one single-family dwelling on Tax Parcel #135-05-02-018;
2. An Annexation Agreement be executed and recorded within 60 days of approval by City Council;
3. An executed "Agreement on the Provision of City Services" listing conditions of approval be recorded at the RMC Office within 60 days of approval by City Council;
4. The City Engineer approves the design and installation of the water system.

For Council consideration is a Resolution to authorize the provision of water utility service to property located at 1861 Columbia Highway [US 1].

Councilwoman Price stated she would like to hear from the owner of the property before voting on the request. She pointed out there was an issue at the Planning Commission meeting as to whether the owner really wanted the water service approved. It was pointed out the owner really wanted the Planning Commission to deny the request.

Mr. Pearce asked why the Planning Commission approved the request.

It was pointed out the Planning Commission did not understand the request.

Mr. Pearce pointed out the owner is not present so Council could continue the request and staff could talk to the owner to see about the request.

Councilman Dewar moved, seconded by Councilman Ebner, that the request be continued with Ms. Ya Min Hsu being contacted regarding the request for water service since there was a question as to whether she really wanted the water service. The motion was unanimously approved.

RESOLUTION – 10282013B

Water Service
1112 Elon Street
Cole & Company, LLC
Scott Brinson
TPN 106-20-10-006

Mayor Cavanaugh stated Council needed to consider a resolution for the provision of water service to 1112 Elon Street.

Mr. Pearce read the title of the resolution.

A RESOLUTION AUTHORIZING THE PROVISION OF WATER UTILITY SERVICES TO PROPERTY LOCATED AT 1112 ELON STREET.

Mr. Pearce stated Cole & Company, LLC has requested water utility service for a manufactured home at 1112 Elon Street which is south of Dougherty Road.

Mr. Pearce stated the memo from Planning Commission Chair Liz Stewart indicated that Council adopted a policy for providing water service for properties currently outside our city limits. This policy typically requires those customers to sign an Annexation Agreement, comply with Tree Preservation, Landscaping, and Signage Regulations of our Zoning Ordinance, if applicable, and comply with our Land Development Regulations in regard to utility designs. As a residential property, the Tree Preservation, Landscaping, and Signage Regulations of our Zoning Ordinance are not applicable.

On October 15, the Planning Commission voted unanimously to grant this request upon these conditions:

1. This approval applies to only one single-family dwelling on this portion of Tax Parcel #106-20-10-006;
2. An Annexation Agreement be executed and recorded within 60 days of approval by City Council;
3. An executed "Agreement on the Provision of City Services" listing conditions of approval be recorded within 60 days of approval by City Council at the RMC Office; and
4. The City Engineer approves the design and installation of the water system.

For Council consideration is a Resolution to allow utility service to property located at 1112 Elon Street.

Councilman Ebner moved, seconded by Councilman Merry, that Council approve the resolution to allow water service to property located at 1112 Elon Street with the conditions recommended. The motion was unanimously approved.

BRIDGES - ORDINANCE

Wooden Bridges

Railroad Cut

Union Street SE

Fairfield Street SE

York Street SE

Historic Landmark

Aiken Historic Register

Mayor Cavanaugh stated an ordinance had been prepared for Council's consideration to designate the wooden bridges over the railroad cut at Union, Fairfield, and York Streets as Historic Landmarks on the City of Aiken's Historic Register.

Mr. Pearce read the title of the ordinance.

AN ORDINANCE DESIGNATING THE WOODEN BRIDGES OVER THE RAILROAD CUT AT UNION STREET SE, FAIRFIELD STREET SE, AND YORK STREET SE AS HISTORIC LANDMARKS ON THE CITY OF AIKEN HISTORIC REGISTER.

Mr. Pearce stated the Design Review Board, upon petition filed with it, voted unanimously to designate the wooden bridges over the railroad cut at Union Street SE, Fairfield Street SE, and York Street SE as Historic Landmarks. Their recommendation was then sent to the Planning Commission for review and a recommendation to City Council. Planning Commission met, conducted a public hearing and voted unanimously to recommend designating the wooden bridges over the railroad cut at Union Street SE, Fairfield Street SE, and York Street SE to the City of Aiken Historic Register as Historic Landmarks.

It is felt that the wooden bridges are: 1. Significant in American, South Carolina, or Aiken history, architecture, archeology, engineering, or culture; and 2. Have integrity of location, design, setting, materials, or workmanship that need to be protected or preserved. The recommendation from the Design Review Board and the Planning Commission is that the bridges be placed on the Aiken Historic Register.

For Council consideration on first reading is an ordinance to designate the wooden bridges over the railroad cut at Union Street SE, Fairfield Street SE and York Street SE as Historic Landmarks on the City of Aiken Historic Register.

Councilman Homoki asked if designating the bridges as Historic Landmarks on the Aiken Historic Register, has an effect on the national or state landmark listings.

Mr. Pearce responded this designation would be under the local ordinance for local architectural review.

It was pointed out this local designation would probably be a help in an application process to get them designated to the state or national register. However, this designation is under the local Historic Register.

It was also pointed out that the SCDOT is very much aware of the local interest in what DOT may want to do with the bridges.

Councilman Merry stated he wanted to make an acknowledgement of the work done by Sandra Meischen, Phil Johnston and Ben Lot in putting together the application to designate the bridges as landmarks. He said they had done a very good job with the application.

Councilwoman Price acknowledged former Councilmember Mike Anaclerio's long term interest in the bridges also. It was also pointed out that former Councilmember Jane Vaughters is present in support of the historic designation.

Mr. Pearce pointed out that Phil Johnston has the enviable super power to find antique photographs of Aiken which were included in the agenda packet that show the wooden bridges when Palmer was taking photographs in the 1870's and 1880's.

Councilwoman Price moved, seconded by Councilwoman Diggs, that Council approve on first reading an ordinance to designate the wooden bridges over the railroad cut at Union, Fairfield, and York Streets as Historic Landmarks on the City of Aiken Historic Register. The motion was unanimously approved.

ZONING ORDINANCE – ORDINANCE

Amendment

Historic Overlay

Old Aiken Overlay

Bridges

Approaches to Bridges

Certificate of Appropriateness

Street Right of Way

Mayor Cavanaugh stated an ordinance had been prepared for first reading to amend the Zoning Ordinance in the Historic Overlay and the Old Aiken Overlay adding bridges and their approaches to structures requiring a Certificate of Appropriateness in a street right of way.

Mr. Pearce read the title of the ordinance.

AN ORDINANCE AMENDING THE ZONING ORDINANCE REGARDING BRIDGES IN THE HISTORIC OVERLAY AND THE OLD AIKEN OVERLAY.

Mr. Pearce stated at the October 15, 2013 meeting, the Planning Commission unanimously voted to designate the wooden bridges over the railroad cut at Union Street

SE, Fairfield Street SE, and York Street SE as Historic Landmarks on the City of Aiken's Historic Register.

However, the designation of the bridges and their approaches alone is not sufficient to place them under the jurisdiction of our Design Review Board, because our Zoning Ordinance requires Certificates of Appropriateness in streets within our Historic District for alteration, construction, demolition, or relocation of buildings, walls, fences, gates, and stone curbs. The Planning Commission recommends amendments to the Zoning Ordinance to add bridges and their approaches to the list of structures requiring a Certificate of Appropriateness.

Because the approaches to the bridges on Union Street SE, Fairfield Street SE, and York Street SE are in the Historic Overlay District on the south side and in the Old Aiken Overlay on the north side, amendments are required in two sections of the Zoning Ordinance.

A memorandum from Planning Commission Chair Liz Stewart regarding the proposed amendments to the Zoning Ordinance to include bridges and their related approaches was provided to Council for consideration. These proposed amendments were unanimously approved by the Planning Commission at their October 15 meeting.

For Council consideration is first reading of an ordinance to amend the Zoning Ordinance regarding bridges in the Historic Overlay and the Old Aiken Overlay.

Councilwoman Diggs moved, seconded by Councilman Ebner, that Council approve on first reading an ordinance to amend the Zoning Ordinance regarding adding bridges and their approaches to the list of structures requiring a Certificate of Appropriateness. The motion was unanimously approved.

Councilwoman Price acknowledged the presence of the Moore's. She pointed out Mr. Moore has a lot of knowledge of the railroad and that industry.

INFORMATION

Chukker Creek The Ridge

Mr. Pearce stated in response to a conversation at the last meeting regarding the Letter of Credit for the Chukker Creek subdivision, the developer of The Ridge at Chukker Creek has extended their Letter of Credit in the amount of \$345,000 to July 6, 2014.

Dougherty Road Connector Christee Place

Mr. Pearce stated there had been a follow up conversation with the real estate owner for the Publix Shopping Center. They are very interested in a connection to the shopping center property down Christee Place. He pointed out that is not the Publix grocery store, but the property owner. He said they volunteered to contact Publix and let us know their sentiment. They see a betterment in providing that access. He said staff will keep Council informed on the matter.

Hitchcock Woods

Mr. Pearce stated Professor Gene Eidson will be at the November 11, 2013, Council meeting to talk about Hitchcock Woods and some of the concerns raised about his proposed work.

Mr. Pearce stated he thought Council had received an email from David Jameson, of the Chamber of Commerce, about an announcement to be made on Friday at First Friday Means Business meeting.

Public Safety Concerns

Mr. Pearce stated at Councilman Dewar's request he had set up a meeting for Wednesday, October 30, at 10 a.m. to review the Public Safety operations and answer questions. All of Council is invited to attend.

November 25, 2013Council Meeting

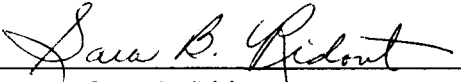
Mr. Pearce stated he had had a couple of Councilmembers question the need to meet the week of Thanksgiving which would be November 25, 2013. He pointed out some items that would potentially be on the agenda for that meeting date. He asked if Council wanted to meet on Friday, November 22, 2013. The consensus of Council was that they did not want to meet on Friday. It was pointed out that if none of Council is going to be out of town, just have the meeting on the regular meeting date of November 25. The consensus of Council was to have the meeting on the regular meeting date.

BridgesRailroad

Councilman Merry reminded Mr. Pearce about trying to set up a meeting if possible with the SCDOT and the railroad regarding the bridge issue. Mr. Pearce stated he had tried to set a meeting for November 6, but they can't make it. He said he would make another request.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:41P.M.


Sara B. Ridout
City Clerk