

Aiken City Council Minutes

February 25, 2002

EXECUTIVE SESSION

Present: Mayor Cavanaugh, Councilmembers Clyburn, Cunning, Smith, Sprawls and Vaughters.

Absent: Councilwoman Price

Others Present: Roger LeDuc, Bill Huggins, Gary Smith, Sara Ridout, Robert Long and 4 others.

Mayor Cavanaugh called the meeting to order at 6:15 P.M. He stated Council needed to go into executive session to discuss a contractual agreement for sale of a lot in Verenes Industrial Park.

Councilman Cunning moved, seconded by Councilman Smith and unanimously approved, that Council go into executive session to discuss a contractual matter.

Council went into executive session at 6:18 P.M. After discussion of the matter Councilman Sprawls moved, seconded by Councilman Cunning and unanimously approved, that Council go out of executive session and that the matter be placed on the Council agenda for action. The executive session ended at 6:35 P.M.

REGULAR MEETING

Present: Mayor Cavanaugh, Councilmembers Clyburn, Cunning, Smith, Sprawls and Vaughters.

Absent: Councilwoman Price

Others Present: Roger LeDuc, Bill Huggins, Gary Smith, Larry Morris, Anita Lilly, Richard Pearce, Stanley Quarles, Ed Evans, Pete Frommer, Sara Ridout, Karen Daily of the Aiken Standard, Josh Gelinias of the Augusta Chronicle, and about 45 citizens.

Mayor Cavanaugh called the meeting to order at 6:35 P.M. He stated that Council had gone into Executive Session at 6:15 P.M. to discuss a land sale in the Verenes Industrial Park and that the matter would be item 3 under New Business. Mayor Cavanaugh stated Councilwoman Price was not present as she was sick. Mayor Cavanaugh led in prayer, which was followed by the pledge of allegiance to the flag.

APPROVAL OF AGENDA

Mayor Cavanaugh stated Council needed to approve the agenda.

Councilman Cunning moved, seconded by Councilwoman Clyburn and unanimously approved, that the agenda be accepted as presented.

MINUTES

The minutes of the regular meeting of February 11, 2002, were considered for approval. Councilman Sprawls moved that the minutes be approved as written. The motion was seconded by Councilwoman Clyburn and unanimously approved. Councilwoman Vaughters stated that in discussion regarding the water district and the agreement with New Ellenton for an emergency connection, the conference center on Whiskey Road was discussed. She asked if the agreement included the words conference center and hotel. Mr. LeDuc stated the agreement did include the wording that the conference center and hotel must be completed and receive a Certificate of Occupancy by December 31, 2003, or the area would revert to the City of Aiken's district.

BOARDS AND COMMISSIONSAppointmentsHauptert, JohnEnvironmental CommitteeAll, PeggyPoe, LeePark CommissionAndersen, ArthurBoard of Zoning AppealsAnderson, GeorgeShirley, CatherinePark CommissionEarle, TomCherry, LenHistoric Preservation Commission

Mayor Cavanaugh stated Council needed to consider five appointments to the boards and commissions of the city.

Mr. LeDuc stated Council has ten pending appointments to boards and committees of the city and five appointments are presented for Council's consideration.

Councilman Smith has recommended appointment of John Hauptert, who lives at 133 Balsam Lane, to the Environmental Committee. Mr. Hauptert would replace Peggy All on the Environmental Committee. If appointed Mr. Hauptert's term would expire December 31, 2003.

Councilman Smith has recommended reappointment of Lee Poe to the Park Commission. If reappointed the term would expire December 1, 2003.

Councilman Smith moved, seconded by Councilwoman Clyburn and unanimously approved, that John Hauptert be appointed to the Environmental Committee to replace Peggy All with the term to expire December 31, 2003, and that Lee Poe be reappointed to the Park Commission with the term to expire December 1, 2003.

Mr. LeDuc stated Councilwoman Vaughters has recommended appointment of Arthur Andersen, who lives at 125 Double Eagle Court, to the Board of Zoning Appeals. Mr. Andersen would replace George Anderson on the BZA. If appointed Mr. Andersen's term would expire December 1, 2003.

Councilwoman Vaughters has also recommended appointment of Catherine Shirley, who lives at 172 Governors Lane, to the Park Commission. Ms. Shirley would replace Tom Earle on the Park Commission. If appointed Ms. Shirley's term would expire December 1, 2003.

Councilwoman Vaughters has recommended reappointment of Len Cherry to the Historic Preservation Commission. If reappointed the term would expire December 31, 2003.

Councilwoman Vaughters moved, seconded by Councilman Smith and unanimously approved, that Council appoint Arthur Andersen to the Board of Zoning Appeals to replace George Anderson with the term to expire December 1, 2003, appoint Catherine Shirley to the Park Commission with the term to expire December 1, 2003, and reappoint Len Cherry to the Historic Preservation Commission with the term to expire December 31, 2003.

Councilman Sprawls stated he hoped Council could find an appointment on some committee for George Anderson, as he felt he had been a real asset to the city.

BOARDS AND COMMISSIONS – ORDINANCE 02252002AppointmentsTermsBoardsCommissions

Mayor Cavanaugh stated this was the time advertised for second reading and public hearing of an ordinance to amend the provisions for appointments and terms for Boards and Commissions.

Mr. LeDuc read the title of the ordinance.

AN ORDINANCE AMENDING SECTION 2-142 OF THE AIKEN CITY CODE REGARDING THE PROCESS FOR THE APPOINTMENT OF MEMBERS TO CITY BOARDS AND COMMISSIONS.

Mr. LeDuc stated the proposed ordinance would change the provisions as to how members are selected for the boards and commissions and would stagger the terms. He said terms on the boards would be for two years except for the Board of Zoning Appeals, which would be for three years. Also proposed is a nomination form to be completed by an applicant or for a nomination for an appointment by Council.

Mr. LeDuc stated that at the last meeting City Council considered amendments to the ordinance regarding appointments to boards and commissions and approved on first reading the following two amendments:

1. All future two-year terms of boards and commissions would be staggered to provide that three (3) appointments expire in one year and four (4) appointments expire the following year. Those boards and commissions that are currently staggered in this manner need not make any changes to appointment/expiration dates. For those that are not staggered, Councilmembers responsible for appointing members in 2002 will have a drawing to determine which members of the boards and commissions will serve for one year terms and which members will serve for two year terms.

For the Board of Zoning Appeals state law requires three year terms and therefore Council will select who will serve a three year term or a four year term for the next appointments. Once the staggering of terms have been achieved, the board members shall be selected to serve for the terms as set forth as either two year terms for all boards and commissions or three years for the Board of Zoning Appeals.

2. City staff will maintain a talent pool of citizens who volunteer to serve on boards and commissions. A short application/questionnaire would be filled out by each of these citizens. Councilmembers may review the volunteer talent pool before selecting candidates for appointments to boards and commissions and should make sure that the proposed candidates have no apparent conflict of interest. Councilmembers would also exert every effort to propose individuals who broadly represent the Aiken community. Nominations to the boards and commissions shall be accompanied by an application or resume of the proposed appointment.

At the first reading of this ordinance Council decided to delete from the ordinance the following amendments:

1. A term limit of eight (8) consecutive years would be placed on all board and commission members. Time already served by current members would be counted. Members now serving would complete their current appointment before term limits would be applied.
2. Members may not serve as Chairman of a board or commission for more than 3 consecutive years, at which time they could not be Chairman or Vice Chairman for at least one year. Chairmen currently serving would complete the term for which they were duly elected.

The public hearing was held.

Ms. Barbara Nelson, of 907 Anderson Pond Road, stated she had had some experience with boards and commissions. She explained an experience with a commission that worked. She said the Governor's Office had practices that they instituted for their appointments. She said the Commission also had a code of conduct under which it operated. She said the Governor's Office liked to spread the political good will, so by doing that they had self limiting term limits. She said volunteers move around in positions on various boards so there is a constant mix with people coming in and moving to other boards. She said the Natural Resources Commission, on which she served had a rule that they would never have a chairman or vice chairman in consecutive terms. She said they never had the same chair or vice chair. She said the committee asked a very experienced person to stay on as chair and he refused as he said others on the committee could arise to the occasion and be leaders and they did. She said regardless of what Council decides to do about term limits she would like to ask Council to ask the staff to regularly remind the boards and commissions that Council would like to see the chairman and vice chairmanship change.

Ms. Maryann Pecoraro, 194 Gadwell Lane, stated she was at the last meeting and there was discussion about experience on the boards and commissions. She said experience does bring know-how, but sometimes it brings a sameness. She said people often manage to their strengths and they do certain things really well, but after a while that becomes a sameness, so it is good to rotate so you have different strengths. She said she was not advocating term limits, but she did feel that there was a need in every organization to bring in new points. She said she was proud of Aiken and the people it attracts. She said there is a question of how to open up opportunities to include more people in the city government to share their views. She asked that Council think of ways to include more people, new points of view and fresh energy.

Mr. Miles Hall, 149 Double Eagle Court, stated he did not want to comment directly on pros or cons of term limits, but he did want to offer some comments and suggestions on the process for public input. He said at the last meeting it was clear that everyone had their mind made up before the meeting began. He said this is now the time for public input, but it makes him wonder about the value of public input if people's minds are already made up. He felt the current process at this stage with no time between the public input and the time for voting gives the wrong impression. He said there is perception that public input does not have as much meaning as it should have.

Councilwoman Vaughters stated she agreed with Mr. Hall and she felt the time for public input should be a couple of weeks before the final vote not five minutes after the public input. She said sometime Council learns new information at the last minute and it would be helpful to have more time before the final vote.

Councilman Smith stated he still believed term limits is the answer to the situation. He said it has been said that term limits are decided at the ballot box. He pointed out that at the last election citizens expressed strong concern about change in boards and commissions, but growth was the major issue.

Councilman Smith moved that Council amend the proposed ordinance by reinstating the language limiting terms to eight consecutive years, with this applying only to the committees that have a bearing on change and growth in the community, namely the Board of Zoning Appeals, Historic Preservation and the Planning Commission. He stated he would further move that the paragraph concerning chairmanship and vice chairmanship be reinstated so a person could not serve as chairman or vice chairman for more than 3 consecutive years, with this applicable also only to the Board of Zoning Appeals, Historic Preservation Commission and the Planning Commission. This motion was seconded by Councilwoman Vaughters.

Councilman Smith stated this amendment would be a compromise and would help the rest of Council in their concern for the many people that have served long periods on other boards and commissions.

Councilwoman Clyburn stated she realized that change must take place, but the city has a system where citizens go to the ballot box and elect people to voice their opinion for them. She said there was an election in which Councilmembers Smith and Vaughters were elected to effect some type of change. She felt they had done a real good job of bringing items to Council's attention. However, she felt there were still a lot of good things happening on the boards and commissions. She said many of the members of the commissions give up their appointments because they don't want to serve any longer. She said she had the ability to make changes when she felt it was time to make them on her appointments, but she also had the right to reappoint someone when she felt she should and the majority of Council decided if they would be reappointed. She said each Councilmember had the right to vote on the appointments. She said she respected the right of each Councilmember to change their appointment if they felt they should and she supported them in that right. She felt the system works. She said she would not vote for term limits, but would like to vote for the ordinance passed on first reading at the last meeting.

Councilman Sprawls stated he felt one of the concerns had been the replacement of George Anderson. He said he made changes in appointments when he was elected which were not too popular, so he respected the wishes of the new Councilmembers and voted to support their appointments. He said, however, he was still not in favor of term limits.

Mayor Cavanaugh pointed out that most of the commissions are advisory boards and City Council has the final decision on a matter. He said he was proud of his appointees and he said he did not just appoint older Aiken citizens, but also appointed newer residents. He said the City of Aiken had not gotten where it is without new ideas, being innovative and progressive. He said he was in favor of looking for things that could make Aiken better. He said he was not in favor of term limits or limiting the chairperson of the boards. He said those Councilmembers who have been on Council for a while have a responsibility to the people who elected them, also. He said he was looking for the quality of the person to do the job. He said with term limits Council would be eliminating a lot of quality people. He said it was Council's decision to determine when a person is not doing a quality job. He said he felt the city had a good system, and at this time he was not ready to make changes. He said he did like Mr. Hall's idea regarding the timing for public input and needing more time before making a final decision. He said he was open to this idea. He said he would also be open to going to a nine member Planning Commission with perhaps two members being elected at large.

Councilman Smith pointed out it had been stated that Council makes the final decision and does not have to accept the recommendation from the boards. He said the committees appointed by Council get into the details of the issues. He said it is not always possible for Council to completely understand how the recommendation came to be. He said it is not possible for Council to control the timeliness of the input from the boards and commissions. He said that is one reason he feels that change is vital. He said people tend to view the matter as their turf and Council doesn't really control anything except in the very last moments of the process.

Councilman Cunning stated he felt the Planning Commission was probably the central core question during the election. He pointed out that in December, if Councilmembers Smith and Vaughters appoint new members to the Planning Commission, that there would be a 57% change over in the Planning Commission in less than two years. He said that is a big change for the Commission. He said he heard a lot about growth during the election, but he did not hear anything about term limits during the election.

Councilwoman Vaughters stated she felt eight years is a long time to serve on a commission. She said she also felt it was crucial to rotate the chairmanship of the committees. It gives other people opportunities for leadership. She said the last election was the first election with a lot of candidates in a long time. She said new people need to be involved in committees so they feel qualified to run for public office. She said she wanted to see more people qualified for public office and she felt serving on the committees was a way to encourage more people to run for public office.

Councilwoman Clyburn stated, regarding public hearings, that sometimes Council does not know when something is going to be controversial and draw a lot of comments. She said, however, in those cases where Council knows there will be a lot of public comment that perhaps Council should have a worksession to get comment before the item is on the agenda for action. She asked if there was anything to prohibit Council from having public input on first reading of an ordinance.

Mr. Gary Smith, City Attorney, stated the minimum in state law is two readings on an ordinance with the readings being at least six days apart. At least one has to be a public hearing. He said there is no state law requirement that the public be allowed to speak at a Council meeting. He said, however, City Council has always asked for public input and this exceeds the requirements of state law. He said at times Council has continued a public hearing to get further information on a complex issue. He said continuing matters sometimes requires, depending on the issue, that properties be reposted and readvertised which is an added expense to the city.

Mayor Cavanaugh called for a vote on the motion offered by Councilman Smith to amend the proposed ordinance so that term limits be established as eight years for members of the Board of Zoning Appeals, Historic Preservation and Planning Commission and that members of those boards not be allowed to serve as chairman for more than three consecutive years. Those voting in favor of the amendments were Councilmembers Smith and Vaughters. Opposed were Mayor Cavanaugh, Councilmembers Clyburn, Cuning, and Sprawls. The motion was denied by a vote of 2 in favor and 4 opposed.

Councilwoman Clyburn moved, seconded by Councilman Sprawls, that Council approve the proposed ordinance as passed on first reading with no term limits for members of the boards and commissions and no term limits on chairmanship of the commissions and boards. The motion was approved by a vote of 4 in favor and 2 opposed. Opposed were Councilmembers Smith and Vaughters.

ANNEXATION – ORDINANCE

Cook, Raymond A.
Two Notch Road 1770
Virginia Acres Subdivision
TPN 30-058.0-01-005

Mayor Cavanaugh stated an ordinance had been prepared for first reading to annex property at 1770 Two Notch Road.

Mr. LeDuc read the title of the ordinance.

AN ORDINANCE TO ANNEX TO THE CORPORATE LIMITS OF THE CITY OF AIKEN CERTAIN PROPERTY CONSISTING OF .25 ACRES OF LAND, MORE OR LESS, OWNED BY RAYMOND A. COOK AND LOCATED AT 1770 TWO NOTCH ROAD AND TO ZONE THE SAME RESIDENTIAL SINGLE-FAMILY (RS-10).

Mr. LeDuc stated Raymond A. Cook who owns property at 1770 Two Notch Road SE would like to annex his property to the City of Aiken. The property is opposite Virginia Acres Park and the Weeks Activity Center. This property would be zoned RS-10 and is currently occupied by a single family dwelling unit.

Sanitary sewer is being installed in the area and the applicant is interested in connecting onto the system. Since City Council approved the sanitary sewer for this area in 1999, several owners have decided to come into the city willingly to receive this service.

The Planning Commission unanimously recommended approved of this annexation at their February 12, 2002, meeting.

Councilman Cuning moved, seconded by Councilwoman Clyburn and unanimously approved, that the ordinance be passed on first reading to annex .25 acres at 1770 Two

Notch Road and that second reading and public hearing be scheduled for the next regular meeting.

AIKEN CORPORATION – ORDINANCE

Loan

Washington Group

Playhouse

Regions Bank

Security Federal Bank

Newberry Street

Mayor Cavanaugh stated an ordinance had been prepared for first reading to lend \$3.5 million to the Aiken Corporation.

Mayor Cavanaugh stated Councilman Cuning has a possible conflict of interest on this item since he is an employee of Regions Bank and he will not participate in the discussion or vote on this matter. He has signed a Conflict of Interest statement. Councilman Cuning left the room.

Mr. LeDuc read the title of the ordinance.

AN ORDINANCE AUTHORIZING THE CITY OF AIKEN TO PARTICIPATE IN A LOAN PROGRAM WITH REGIONS BANK AND SECURITY FEDERAL BANK TO LEND UP TO \$3,500,000 TO PROVIDE TERM FINANCING TO LED OF AIKEN, INC.

Mr. LeDuc stated in the fall of 2000 City Council gave the Aiken Corporation a one year construction loan of \$3.5 million to construct a building to serve as the headquarters for the Washington Group. This loan was extended to April 7, 2002, to allow them to develop a repayment schedule for this funding. Two area banks, Regions and Security Federal, have agreed to pledge \$2.1 million of this debt and Aiken Corporation is requesting the City of Aiken to make a permanent loan of \$1.4 million for the balance of the \$3.5 million loan.

The City would carry the \$3.5 million loan while a letter of credit is developed with the banks as security for the remaining funds. Should the city need this money over the next five years this loan can be called from either of the banks. The city will be receiving monthly payments from Aiken Corporation to pay off the \$3.5 million loan and receive interest for the \$1.4 million portion at 1% over the City's current investment rate with the State of South Carolina. The remaining funds would receive an interest rate equal to the City's investment pool. Should the City's cash flow dictate the need to recall the remaining portion of the loan from the two banks, their proportion would be reduced in accordance with the reduction of the principal as paid by Aiken Corporation, based on the payments made to date.

With the construction of this building by the Aiken Corporation, there have been many pluses for the City of Aiken. This year the city will begin receiving over \$60,000 in new taxes on this building from Aiken Corporation, and the headquarters has created 40 new high paying jobs. The \$1.4 million permanent loan by the City will receive up to \$14,000 in additional interest yearly through this loan agreement. Most importantly though, this building, along with the playhouse, provides an anchor for Newberry Street and the downtown. The agreement with the two banks and the City of Aiken is for a five year period at which time this agreement can be renegotiated by both parties.

Councilman Smith moved, seconded by Councilwoman Clyburn and unanimously approved, that Council suspend the rules and allow public input as the matter could be a controversial issue.

Mr. Wade Brodie, Chairman of the Aiken Corporation, pointed out that Aiken Corporation will pay a minimum interest rate of 3.5% on the amount of the loan over \$1.4 million even though the city investment pool may be lower. He also pointed out that the agreement with the banks was that they would guarantee an interest rate for 5 years

and the fee for that would be 1%. He said it was felt that it would only be fair to pay the city 1% since they would be paying the banks 1%. If the letters of credit have to be activated the interest rate would be 7 ½%. Mr. Brodie stated the Aiken Corporation did not get enough participation by the banks to carry the total loan so the Aiken Corporation was asking the city to carry some of the loan. He said his main focus in asking the city to participate in the loan was that the city in working with the Aiken Corporation is allowing the Corporation to gain value in the asset faster. He said the difference between 7 ½% and the 3 ½% plus 1% fee is a 3% spread. He said 3% on \$3.5 million is big bucks. He said the Corporation would repay the loan and instead of owning the building in 20 years depending on the fluctuation of interest rates the Corporation may own the building in 17 or 15 years. If the Corporation is able to own the building in 15 years the advantage to the Aiken Corporation would be worth about \$1.8 million. That money would be used to put money back into the city to get things done. He said the reason for coming to the city was to allow the Aiken Corporation to own the asset sooner. He said the present lease payment from the Washington Group is \$27,000 per month. The rates will be renegotiated in five years.

In response to a question by Councilwoman Vaughters, Mr. Brodie briefly explained the purpose of the Aiken Corporation and how it functions. He said the Aiken Corporation grew out of the city's strategic planning process. He stated it was started with the Downtown Development Association working with the city in developing streetscape plans. He said when the Corporation started half the stores downtown were vacant. He said cooperation with the Downtown Development Association and the city turned this around. In about 1995 the city got involved with strategic planning and looked at the many projects. He said the idea came from the Downtown Development Association of having a fundraiser which turned into Aiken 20/20 under which \$3.5 million was raised for various projects. It was determined during this process that the Association needed a broader vision than just the downtown so that is how Aiken Corporation came to be. The Downtown Association agreed to become a committee of the Aiken Corporation and Aiken Corporation is charged with working with the city on industrial development, downtown development and increasing housing density downtown. From the 20/20 fundraiser the Aiken Corporation received \$600,000. With that money the Aiken Corporation built a spec building which has now been sold and the Corporation is looking at reinvesting that money. He said the Aiken Corporation has asked the city for various requests. He said the Jim Bo's station was a polluted area. The city got the lot via a tax sale and Aiken Corporation asked for the lot to see if they could develop and sell it. At that time the Chamber was looking for a location. He said the Aiken Corporation negotiated for the Gulf station lot on the corner of Richland and York adjacent to the Jim Bo's lot and now the Chamber is in that location. He said there was a similar situation with the Parker Paint and Body Shop in the heart of downtown. A couple of years was spent negotiating with property owners and getting agreements to donate property or to give perpetual leases to the city. On the Parker property there are 6 condos, 47 parking spaces and a nicely developed area. He said the Aiken Corporation had flexibility and had been able to do several projects in a short period of time. He said his desire was for the city to make the loan so the Aiken Corporation could get a spread which would allow the Corporation to pay the loan off early and the city would still get the same interest money from the Aiken Corporation as they would get from the state investment pool. He said this would give the Aiken Corporation money to put back into other projects.

Councilman Sprawls asked that Council have a copy of the lease agreement between Aiken Corporation and the Washington Group.

Councilwoman Clyburn moved, seconded by Mayor Cavanaugh and unanimously approved, that the ordinance be passed on first reading to loan \$3.5 million to the Aiken Corporation and that second reading and public hearing be set for the next regularly scheduled meeting. Councilman Cuning returned to the Council Chambers after the voting.

VERENES INDUSTRIAL PARK – ORDINANCEIndustrial Park
Lot 16

Mayor Cavanaugh stated an ordinance had been prepared for first reading to sell Lot 16 in the Verenes Industrial Park.

Mr. LeDuc read the title of the ordinance.

AN ORDINANCE APPROVING THE SALE OF LOT 16 IN VERENES INDUSTRIAL PARK.

Mr. LeDuc stated Council had an executive session prior to the Council meeting at 6:15 P.M. He said the purpose of the executive session was to discuss the sale of Lot 16 in the Verenes Industrial Park. He said the lot had been surveyed and the acreage is 6.1 acres rather than 4.3 acres. He said the lot would be sold at \$10,000 per acre to a company that will manufacture car parts. The company would have an investment of \$4 to \$6 million. He said the road to the lot needs to be extended approximately 150 feet and that would cost about \$50,000. SCANA Corporation has said they would commit up to one-third of the \$50,000. The County has been asked to commit to one-third of the \$50,000 and the city one-third which would be about \$16,000 for each for the roadway. Some of this cost could be in-kind with labor. The expense that could not be in-kind would come out of the \$61,000 that the city would receive from the sale of the lot.

Mr. LeDuc stated Lot 16 is located on Beloit Street which is at the very end of the Industrial Park. The property is south of the Dykes Corporation building and east of Beloit-Manhattan, Inc. The company will begin construction this spring and will have a capital outlay of approximately \$4 to \$6 million. They hope to start operation in the spring of 2003.

The price of the property is \$10,000 per acre, and under the current Covenants and Restrictions, Council needs to approve this sale, along with the design of the building. He said an item that Council asked to be included in the ordinance is that the landscaping standards be similar to or exceed that provided by Newman Technology in Ventures Park.

Councilman Cuning moved, seconded by Councilman Smith and unanimously approved, that Council pass on first reading and an ordinance to sell Lot 16 consisting of 6.1 acres of property in the Verenes Industrial Park and that second reading and public hearing be set for the next regularly scheduled meeting of Council.

BIDSewer Overflow Structure
Gem Lakes
Sewer Lift Station
Allen-Batchelor

Mayor Cavanaugh stated Council needed to consider a bid for construction of a sewer overflow structure in Gem Lakes.

Mr. LeDuc stated last summer the City of Aiken discovered that the city's sewer lift station in Gem Lakes had malfunctioned causing an overflow onto the neighboring properties. Subsequently staff had discussions with the Department of Health and Environmental Control (DHEC) and this neighbor concerning how we could avoid this problem from occurring in the future.

The City's Engineering Department has developed a set of plans to build an overflow structure large enough to accommodate an overflow from this Gem Lakes station for approximately 6 hours. This time should be sufficient for crews to make any necessary repairs to the station before any further problems occur. This solution was agreeable both to DHEC and the neighbor, and we feel it is an equitable solution to resolve any further potential problems in this area.

At our last meeting we accepted land from Palmetto Savings Bank on which this overflow structure would be located, and we received a price from Allen-Batchelor of Augusta of \$128,200 to construct this facility. In November the Public Works Department advertised this project but did not receive any proposals. They then contacted several contractors individually and only one was willing to submit a bid, which is the proposal presently before Council.

The Engineering staff has reviewed the bid and feels that although it is a little high it is within the proper range to do this work, and they are recommending Council's approval to proceed with this construction. Normally this type of work would be included within the budget process, but because of its emergency nature we are asking for Council's approval at this time. Sufficient funds are available within the utilities fund for this work.

Councilman Sprawls moved, seconded by Councilwoman Clyburn and unanimously approved, that Council accept the bid of Allen-Batchelor for \$128,200 to construct an overflow structure at the Gem Lakes lift station.

WORK SESSION

Appointments

Accommodations Tax Committee

Cwalina, Jan

Boards and Commissions

Mr. LeDuc stated Mayor Cavanaugh had stated that he would like to recommend that Jan Cwalina be reappointed to the Accommodations Tax Committee and this would be placed on the agenda for the next Council meeting.

Airport

Runway 18/36

Aiken Airport

Paving

Mayor Cavanaugh stated the City Manager would like to have a work session to discuss two items with Council for their information.

Mr. LeDuc stated the General Aviation Commission voted unanimously to request funding from City Council for the resurfacing of the secondary runway at the airport, which is identified as 18/36. The airport consultant, W. K. Dickson, recently completed a pavement study for this runway and feels that it needs thorough rehabilitation. They concluded that the runway is in poor condition and are recommending an inch and a half of asphalt resurfacing. As long as the runway remains open, the city has a potential liability from any accidents that may occur through the use of the facility. The most recent cost estimate that we have for the rehabilitation of the runway is \$450,000, and it is not eligible for any federal or state grant funding. He said the city had a call from Bud Coward, a former chairman of the Airport Commission and now Director of the S.C. Aeronautics Commission, stating that the city would be able to use South Carolina Department of Transportation asphalt for the runway. Previously it was felt that the city would have to use an FAA, mix which would be very costly. It is felt the city will be able to save at least 25% of the estimated cost using this asphalt. The runway is used approximately 20% of the time by general aviation aircraft and the commission recommends that it should remain active. A couple of years ago Council discussed the need for the second runway. At that time staff had suggested that one option was to simply close the runway since many general aviation airports operate with just one runway. However, the Commission strenuously objected to that option, citing safety and economic development concerns. At this time there are no funds available for this runway repair. If Council wants to repair the runway, we could loan money to the Airport Fund with future sales of airport property used as collateral against the loan. The only other major expense we foresee in the airport's near future is the lengthening and strengthening of the main runway. The city's share for this \$2 million project would be approximately \$100,000. Bill Huggins and members of the General Aviation Commission are available to discuss this work. He said if Council is interested in going

forward with the project the Engineering Department will draw up specifications and come back to Council with the cost for the work.

Mr. Bill Huggins, Assistant City Manager, stated the Commission wanted to present to Council the background of the secondary runway and the need for renovation of the runway and keeping it active. He said one issue for the secondary runway is safety. If the runway has deteriorated there is risk of a safety hazard and potential liabilities. There is convenience and safety of the runway as a cross-wind runway. Another issue for the runway is economic development. Airports are important in selling a community. Pavement on the runway is deteriorating and there is a liability issue. He said 15% of the aircraft at the airport is in excess of 12,500 pounds and the weight is important because of the strength of the runway. The study on the runway recommends action on the runway immediately. He pointed out with the comment from Mr. Coward of the Aeronautics Commission for use of S.C. Highway asphalt cost for the project would change. He said one option is a slurry seal, which is a temporary fix for about five or six years at a cost of about \$130,000. Another option which is most highly recommended, is adding 4 ½ inches of asphalt, which will cost about \$450,000, but this amount will be reduced with the use of Highway Department asphalt. The other alternative is to close the runway. There is not a requirement that the airport have this runway. He said the General Aviation Commission has recommended strongly that Council keep the runway open and renovate the runway.

Several users of the airport including Bob Haythorn, Don Barnes, Roy Gmitter spoke of use of the airport, the need for the 18/36 runway improvement and encouraged Council to consider funding for resurfacing of the 18/36 runway.

Mr. LeDuc discussed possible funding for the project. He pointed out the improvements which had been made at the airport and the potential for increased traffic at the airport which will increase revenue from the airport. He said if Council wants to resurface the 18/36 runway in the upcoming budget, funds would have to be loaned from the General Fund and Utility Fund to the Airport Fund to be paid back from the sale of land in the industrial parks.

After discussion of the possible options, Council's consensus was that the staff draw up specifications and plans for the project with cost figures comparing cost and life for the FAA approved asphalt and use of SC Highway Department asphalt and that the project be considered in the upcoming budget.

Aiken Center for Performing Arts

Playhouse

Newberry Street

Community Playhouse

Request for Funds

Theater

Mr. LeDuc stated representatives from the Aiken Corporation and the Community Playhouse were present to inform Council of the status of the project and request additional funds from the City of Aiken to complete the project.

Mr. Wade Brodie, Chairman of the Aiken Corporation, stated he and members of the Aiken Community Playhouse were present to discuss the need for additional funding for the Performing Arts Center. He said there had been questions as to why the need for additional funds and why didn't Council know about it sooner. He said the items which caused the additional expense occurred because of changes in the project in four areas which generated costs of about \$750,000. He said this didn't occur at once but over a period of time. He said when the project went from a building owned by the Community Playhouse to a Performing Arts Center and the corporate headquarters for the Washington Group it was necessary for the project to be put on a fast track basis. He said the building was done in three phases. He said there was an on-going campaign for funds and it was not known until the bids were received on Phase III and what the campaign had raised at that point that additional funds would be needed. He said when the bids were received they sat down with the architect and the contractor and cut out about \$200,000 and the architect has been working with the contractor on cutting other items.

Mr. Brodie then reviewed the vision, history of the project, original proposal, costs associated with the Washington Group, the costs and revenues for the playhouse.

Mr. Brodie stated it was felt that the building would enhance the downtown and promote growth for the downtown. He said in 1997 the Aiken Downtown Development Association had worked with the city on the streetscape and had plans for Newberry Street. He said they were looking for some activity that would serve as a major anchor for the downtown. It was decided to contact the Aiken Community Playhouse regarding their moving downtown. It was felt this would be a benefit to both the Playhouse and the downtown area. In 1999 the ADDA and Aiken Community Playhouse came to Council with the project and Council approved \$1.5 million for the project. This was for a Community Playhouse that the Playhouse would own. The city was contributing 60% to a project cost of \$2.4 million for the facility, which the Playhouse would own. In January 2000 it was decided to go from a smaller building that the Community Playhouse would own to a Performing Arts Center. This was done without input from the Aiken Corporation or from the Playhouse. This was because negotiations were underway with a major corporation, which is not done in public. When the multi-use facility was announced everyone was excited. The corporation needed to be in the building by the fall of 2001. To do this the building had to be put on a fast track and bid the building in phases. This makes it difficult to determine the cost of the last phase. As the project moved forward there were several large items which occurred which were not seen originally. He said the Aiken Corporation was asked to own the building and take the accounting. It was felt this was an opportunity for the Aiken Corporation to own an asset. As the project moved forward it was determined that the initial look at costs did not include architect fees. He said there were discussions about the city donating the land for the project. He said these two items were about \$500,000. He also pointed out in the negotiations with the Washington Group initially it was felt that the sharing of the cost between the Playhouse and Washington on the lobby and the hospitality suite would be a split of one-third for the Playhouse and two-thirds for Washington. During the negotiations this changed to 50-50. That in effect added \$170,000 to the cost of the project. In determining the split cost for the building for the two projects, it was felt a fair split would be 52% for the Playhouse and 48% on Washington. This added costs for the Playhouse.

Mr. Brodie pointed out the Washington Group had brought 40 corporate executives downtown who will eat in the restaurants and they will have people coming in for work which will generate funds for the Accommodations Tax. He also said the building will give the Aiken Corporation an opportunity to own an asset which in the long run will generate funds to be put into other projects for the city. He reviewed the cost for the original proposal for which Council committed to give \$1.5 million, which was the Community Playhouse building. He then reviewed the costs involved for the Performing Arts Center with the building being shared with corporate headquarters with an increase in cost. He reviewed the costs to date with a deficit of about \$746,000. He said this is down from the initial deficit and was due to the architect and the contractor working together to cut out items and the Playhouse agreeing to do more manual labor.

Ms. Angie Fitzgerald, President of the Aiken Community Playhouse, appeared to make a proposal to Council and suggest how this project could be completed. She stated the building in its current configuration will bring significant benefits to the city and the community in both economics and quality of life. She said the Community Playhouse would also be a significant beneficiary of the Center for Performing Arts. She said, because they realized the benefits they would receive, that in May 2000 the Playhouse decided that they would work toward raising \$1.6 million for the Center for the Performing Arts. She said it is still their fund raising goal and they are continuing with various efforts to reach that goal. She said in order to complete the building, however, some additional investment from the city will be necessary. She suggested a proposal so the Performing Arts could open and operate and benefit all. She said they propose that the city provide additional investment into the Center for Performing Arts for the land and site prep in the amount of \$305,000 and architect and engineering fees of \$241,021. She pointed out they were asking the city to contribute to costs which were outside the control of the Aiken Community Playhouse. These costs involve one-third versus one-half of the lobby and hospitality suite costs. Originally the Playhouse's cost was one-

third of the cost; increasing to one-half was a significant cost of \$171,000. Also, there was a shift from 50% of Phase I cost to 52% of the cost which increased the cost \$40,972. This makes a total direct investment from the city of \$757,993. If the land and site prep fees are not considered as costs for the Playhouse this figure is then about \$453,000. She said considering the figure of \$757,993 which includes the land and site prep fee this would make the city's investment in the total project cost 53%.

Ms. Fitzgerald stated the Playhouse would need to obtain a loan to cover costs that the Playhouse would pay for out of the fund raising, but they would need a loan until their funds come in. She said the items proposed to be covered by the loan include \$325,000 for outstanding pledges. The money has been pledged but the money will come in over several years. She said they would also expect to receive \$55,000 from Accommodations Tax funds. She said the Playhouse would continue their fund raising efforts to obtain \$430,000. The final item is the value of the Playhouse's existing building which they own at \$125,000 which is located at Virginia Acres. She said if the city would like to have the present building the Playhouse could deed the building to the city for \$125,000 credit. The total loan needed then would be \$935,000. She said they would like to have the Center open and operating to benefit the community. She said they are very eager to get the building open.

Mr. LeDuc stated that he did some research on the purchase of the land. He said in 1999 when Council moved forward with purchase of the land, the land was expected to be sold to the Playhouse to be used for their stand alone building. The two outparcels were expected to be sold for commercial use. When Westinghouse decided to move their corporate offices to Aiken the matter of the land never was changed. He said the City of Aiken owns the land and the land is not to be deeded to the Playhouse. He said the Aiken Corporation is paying for their portion of the land through their lease agreement with Washington. The other portion of the land is for the Performing Arts Theater and is owned by the City. He pointed out the Playhouse will use the building only about one-third of the time. The city will rent the building for various uses for the other two-thirds of the time.

It was pointed out that to get the Playhouse open the costs involved would be \$757,993, including the cost of the land, plus a loan of \$935,000 until the Playhouse has some of their pledges and other funds coming in.

Mr. LeDuc pointed out that the Theater and other capital projects were to be paid from the Local Option Sales Tax. He said the money will be coming in from the LOST funds earlier than expected so money will be available from the LOST funds to pay for the land and other costs.

Mayor Cavanaugh commended the Playhouse for their fund raising efforts. He said he felt they had made an excellent presentation and it was clearer about some of the things which happened. He said this had been a complicated project, and he did want to see it proceed in a timely manner as he felt it would mean so much to the community. He said there probably should have been a project manager for the project and the city had learned from this experience. In future projects there should be very clearly defined responsibilities.

Councilmembers discussed the project, the history of the project, how the project got to this point and what was needed to get the Performing Arts Center open.

Mr. McDonald Law, architect, explained to Council in estimating the cost for the building a percentage of the cost was applied to the theater and a percentage to the office building. He pointed out the building was broken down into three phases. The theater cost for Phase I, the shell of the building, was 52% theater and 48% office. The theater cost for the lobby and hospitality suite is 50%. He pointed out that the cost over run was only about \$100,000 different from the estimate in March, 2000.

Mr. LeDuc pointed out that the Aiken Corporation owns the Washington Group portion of the building. The City of Aiken owns the theater side of the building. He said during most of 1999 the intent for the building was that the Playhouse would build and operate a

theater in the downtown. All the plans and decisions by Council were to support them with \$1.5 million and to sell them the land that the city had purchased for them. Sometime in the latter part of 1999 there was an indication that the Washington Group would like to move their corporate offices to Aiken if there was some downtown property. Discussions were then held with the Aiken Corporation regarding a joint facility with the Playhouse and an office facility. This was when Mr. Law got involved in expanding the building. A memorandum of understanding was developed with the Washington Group. In the early part of 2000 it was decided that a joint facility could be built to be used by both parties. The Aiken Corporation would own one-half and the City of Aiken would own the other half, which changed from a playhouse to a Performing Arts Theater.

Councilmember Vaughters expressed concern about the additional funds needed to get the playhouse open. She and other Councilmembers were concerned about the land and architect fees not being included in the estimated cost for the facility.

Councilman Smith suggested that perhaps the Aiken Corporation could contribute some to this \$758,000. He pointed out the Aiken Corporation got a good deal in getting their portion of the building. He said perhaps the Playhouse did not get as much of a deal. He said they have raised almost their goal, but now will not own their own building.

Councilman Cunning pointed out that the playhouse goal is to still raise their original goal of \$1.6 million. The problem is the land cost and architect and engineering fees not being considered in the original cost. He pointed out in considering the contribution of \$2.1 million being contributed by the Washington Group to the building to be owned by the Aiken Corporation and the City of Aiken is a good deal.

Mr. LeDuc suggested several ways to finance the \$758,000 portion needed for the building. He said there are basically four ways that the city on an on-going basis could pay for the \$758,000. He said there is Accommodations Tax funds from the state, ticket sales, city revenue from rental of the building, and local Accommodations Tax funds. He suggested that \$1 could be added to each ticket for any event at the theater. This is estimated to be \$11,200 per year. The playhouse would only use the building for one-third of the year. The building would be available for rent for two-thirds of the time and this could amount to \$3,800 for other ticket rentals such as recitals, etc. and about \$15,000 for rental of the building for receptions. State Accommodations tax funds of \$25,000 each year could be available until \$758,000 is paid. City Accommodations tax funds in the amount of \$110,000 could be used for the playhouse building. He said this totals to about \$165,000 each year. He pointed out when the \$758,000 is paid off the city will continue to receive revenue from the building. This could be used for depreciation funds for maintenance of the building. He said none of the suggested funds are from the General Fund or property taxes that affect the citizens. He said if some of the Local Option Sales tax funds were used to pay for the land or architectural fees and if revenue from rentals increased, the \$758,000 could be paid off in about 5 or 6 years. He pointed out the loan portion needed of \$935,000 may take 5 to 10 years to pay back.

Ms. Fitzgerald stated the Playhouse is continuing with their fund raiser to reach their goal of \$1.6 million and it is unknown when they will reach the goal.

Councilwoman Clyburn stated from the discussions it seemed that the city will assist in completion of the building and the city will have a site manager for the project so Council will know what is going on in the project. It was pointed out that rental fees to the city for the building will not apply to the Playhouse group except for the lease amount of \$10 per year plus the \$1 per ticket sale.

Mr. LeDuc stated the staff would need to sit down with the parties involved to be sure the figures of \$758,000 for direct costs and the \$935,000 loan are correct and these are the figures to be used for completion of the building.

Councilman Cunning suggested a staff meeting with the five groups involved including the city, the playhouse, Aiken Corporation, architect, and the building to make sure of the costs involved and who will be responsible for any portion of the \$758,000. He

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suggested that maybe the Aiken Corporation can commit \$100,000 towards this cost. He said this is something that needs to be discussed with the groups involved. Councilmembers Cunning and Smith volunteered to meet with the groups involved.

Mr. LeDuc stated he would meet with Councilmembers Cunning and Smith and the groups involved to see how the \$758,000 would be raised. He said he would bring the proposal back to Council as well as a proposal on the loan of \$935,000 for Council's official action at the next Council meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:30 P.M.



Sara B. Ridout
City Clerk