

A meeting of the Beaufort redevelopment commission was held on October 1, 2009 at 4:00 p.m. in the City Hall Conference Room at 302 Carteret Street. In attendance were Chairman Bob Pinkerton, Commissioners Martin Goodman, Gene Rugala, James Bellew, Mike McFee, Mike Sutton, Mayor Billy Keyserling, City Manager Scott Dadson, Mack Cook, and Shirley Hughes. Commissioners Gary Fordham and Donnie Ann Beer were absent; they were excused.

In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media were duly notified of the time, date, place, and agenda of this meeting.

CALL TO ORDER

The meeting was called to order at 4:00 p.m. by Chairman Pinkerton.

REVIEW OF MINUTES

Mayor Keyserling moved to approve the minutes of the September 3, 2009 meeting. Commissioner Goodman seconded the motion. The motion passed unanimously. Gene Rugala abstained from the vote because he was absent from that meeting.

UPDATE ON BOUNDARY STREET PROJECT

Mr. Dadson said that the Boundary Street Project was submitted to the county, which solicited and received bids on the second phase of engineering. City staff participated in the RFP process. County will award the project to Thomas and Hutton. Work on the 4-lane on the McTeer bridge has begun, and the Boundary Street Project will hopefully be started after that's nearly complete. Chairman Pinkerton asked if that meant construction would start in about 2 years, and Mr. Dadson replied yes. Chairman Pinkerton clarified that "We're engineering the whole thing?" and Mr. Dadson answered yes. Mayor Keyserling said that there are 2 or 3 gateway projects that people are waiting for this to work on. Mr. Dadson said that Phase 1 of the Boundary Street project is moving forward and is an approved project on a list. Mayor Keyserling asked if there is a pending ordinance doctrine, and Mr. Dadson responded that there is the form-based code, part of which is the roadway plan. Bricks and mortar, etc., are moving forward; it's necessary to collect revenues; they have been given the constraints necessary, etc. "It's committed on their part and moving forward."

UPDATE ON NEW CITY HALL PROJECT

Ms. Hughes gave out a handout to update the commission on where finances are to date on the project. The reconciliation isn't fully complete, but it's well within budget right now. Mr. Dadson said construction is moving forward, i.e., windows should be in in the next 2 weeks. Chairman Pinkerton asked if it's on track in terms of timing, and Mr. Dadson replied that it is. As part of the TIF district, council accepted portions of the streets around it to put in the desired urban street network, as well as some stormwater in the back.

UPDATE ON BUILDING NEGOTIATIONS – ARSENAL

Mr. Dadson said negotiations are ongoing; per the commission's instructions, city staff and Chamber of Commerce are working on the idea of a visitors' center there. They are also working on getting Historic Beaufort Foundation's materials out of there. Two groups are using the Arsenal in short order, and work is being done to get the air conditioning working. Also, Chairman Pinkerton and Mr. Dadson were asked to get together with the Chancellor and that

meeting will be set up. Mr. Dadson clarified for a member of the public that city staff is talking to the Chamber's Visitors' Bureau and are in active negotiations with them about leasing the Arsenal.

UPDATE ON NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Mr. Dadson said they are struggling with some ownership issues but are trying to move forward. They have asked for building inspectors to help with some structures, and the city has committed to that. Commissioner Sutton said that 3 purchases have been added with that funding, and in 30 days or so, they'll have that done. For the next series, there are some "real ownership problems." One house they've done is on Church St. which was in the original Block-By-Block zone. He added that Church St. could come back to life

Mr. Dadson said he'd been asked to contact Reggie Barner with Barner Group, who is willing to come and talk to the commission. Mr. Dadson apprised him of the Northwest Quadrant and Bladen St. projects. Mayor Keyserling said the Northwest Quadrant Task Force would be meeting with council in their workshop. They have made 100 recommendations. The neighborhood's old 501©3 was uncovered, and they're meeting to learn what they need to do to upgrade that status. There will be the equivalent of a CDC in that neighborhood

Commissioner Goodman asked what specifically Mr. Dadson would talk about with Mr. Barner. Mr. Dadson said "We're not stopping anything, but there are different money sources through HUD...and other access points." It's not clear yet "if rules have changed" and what the effects might be. He said "Reggie understands those things."

UPDATE ON MUNICIPAL IMPROVEMENT DISTRICT (MID)

Mr. Dadson deferred this update until later in the meeting, when he planned to make a presentation. Mayor Keyserling asked him to clarify acronyms used during the meetings for the sake of visitors who might be unfamiliar with them. Mr. Dadson said that the Boundary Street Project in Phase 1 is short about \$3-5 million to do the basic package from one end to the other. The redevelopment commission assigned a sub-group to explore a BID or MID which is an additional level of fee tax – a series of assessments made in a neighborhood – for capital improvement projects and their operation and maintenance.

GOVERNANCE

Mayor Keyserling reviewed that, 5 years ago, the city council created a redevelopment commission. It was initially appointed by city council, and then council decided to expand the group to 9 and add members from city council. Now, council thinks maybe they don't need seats on the commission. They would still have oversight and own assets, but appointing non-elected experts "would double the horsepower of the group" and get more done. There's an ordinance going to council about changing the group's composition.

Mr. Dadson said that a redevelopment commission is given a lot of power by the state. One specific plan that council has approved and this committee has been working on is Boundary Street. Council embedded itself into the redevelopment commission as it's legally allowed to do. The redevelopment commission asked him to make some recommendations. He noted that no council members are on the commission in Myrtle Beach. If the redevelopment commission has

assets in its possession (cash, land, etc.) someone has to move those assets, and that's usually the city council. The controls have to do with the fact that there has to be an underwriter to do a project; a regulatory authority; a revenue stream; and appointment authority. The idea is also to create a separate board that can do the things for council that they politically don't want to or shouldn't do.

Chairman Pinkerton said that the redevelopment commission is an entrepreneurial group and is a different animal than city council, and therefore it shouldn't look like city council; it should look more like all the other boards in the city. Myrtle Beach came up with a way to give their redevelopment commission seed money to do all the good things they've since done. Restructuring of this commission falls to city council. Commissioner Goodman said the commission can find some citizens who have specific interest in the areas the commission is working on who will be willing to put in time and effort. Commissioner Sutton said that a lot of energy and money has already been spent on economic development initiatives in the city. Other entities are doing the work the commission is talking about with a different charter. Other municipalities can charter this redevelopment commission to work for them, too, which is unique. He believes it's an odd mix having so much elected leadership, and it's time to make a change. He's willing to make a motion today to leave one council person in as a liaison and replace council members "with 5 good people." He added that "This redevelopment commission can plan all it wants, but they need funding to make it happen."

Mayor Keyserling agreed. He said what the commission's missing is citizen engagement; he feels the city should be a partner with the private sector. The commission needs more business sector representation. Mr. Dadson mentioned the Northern Regional Plan and the comp plan under consideration: he said the comp plan "is about getting back to the core... you can do all the form-based codes you want, but you have to marry the public and private sectors."

Debra Johnson suggested keeping some council on the commission to keep them responsible for eminent domain, non-competitive bidding, funding, etc. A group of private citizens can do that, and it's a powerful tool for non-elected officials. This is a more powerful board or commission than the tree board, for example. There should be some elected official held responsible for what the board does. Chairman Pinkerton told her that the council has control over the commission. Mr. Dadson said the commission has those powers because redevelopment only gets done with those powers. Eminent domain is a powerful tool, but the courts have nipped a lot of that authority. A problem with having a council member on the commission is that the commissioners look to that person to see what to do next. Council may remove any member of the redevelopment commission at will, which they can't do on other boards. This comes by state statute and allows them, if necessary, to shut the redevelopment commission down quickly.

Commissioner Sutton said this redevelopment commission can only work if it has some broad powers. Some problems can't be solved without this group making hard decisions and keeping politicians out of it. As an elected official, he'd like to see the redevelopment commission have the power to go out and do the work and then bring it to council. Mr. Dadson suggested that the commission's original constitution is the format to follow as far as determining a number. Commissioner Sutton said his research didn't show any commissions with 9 members. Mr. Dadson said that there are 9 in Myrtle Beach. Commissioner Sutton said he most often saw 7. He

said the redevelopment commission could always be enlarged, but beginning with a 1 for 1 replacement for council would be a good start.

Commissioner Goodman said that in Myrtle Beach, the city manager sat on the redevelopment commission as a voting member representing council or to act as a liaison. Ms. Johnson said the commission can be no larger than 9 members by the laws of South Carolina. Mr. Dadson said that the commission had 7 members before it was reconstituted. Chairman Pinkerton said everyone should think about how those people are appointed: will council decide them or will each person pick one? Mayor Keyserling responded that council will decide that. He thinks 9 members is best, and said there might be by-law decisions about periodic meetings with council, term limits, etc., things not addressed in the original charter, such as replacing someone who misses two consecutive meetings, etc. He added that he would probably still come to every meeting once he's off the commission. Commissioner Goodman said that if the city manager is one of the commissioners, then it's down to 8 outside members. If the commission does the various initiatives and picks individuals with interests in those areas, Mr. Dadson will have to go to every committee meeting and will be driving some of that.

Jay Weidner asked, when adding additional members, for them to consider cultural diversity and add some women to the commission. Commissioner Sutton said that "if this operation can generate funding," it may need additional staff beyond Mr. Dadson. Mayor Keyserling asked if this group has ever done a business plan. Commissioner Goodman answered that it has done a *strategic* plan. Commissioner Sutton said that to go after grants to fund projects, it would need a grant administrator. Mr. Dadson said that Myrtle Beach's commission is set up to have assets coming in to pay a director, an assistant, and plans they paid for. Chairman Pinkerton said this issue needs to go to council. Mr. Dadson said someone on the commission needed to make a recommendation to council.

Commissioner Sutton made a motion, seconded by Commissioner Goodman, to request city council to reconstitute the redevelopment commission to represent 9 members: one being the city manager, 4 being new, and 4 being existing members. The motion passed unanimously.

DISCUSSION OF TIF/MID MOTION

Mr. Dadson explained that TIFs are tax incremental financing districts. They estimate the incremental value of a particular district for borrowing purposes.

He said that MID districts were defined:

- TIF 1 = Downtown – it paid for Woods Bridge walkway, etc.
- TIF 2 = The Gateway – the specific plan was to build City Hall and the municipal complex. He showed The Gateway and then an area in red within it, which is the redevelopment district known as Boundary Street. The redevelopment commission has several projects in the area and is also charged with completing the Boundary Street Master Plan, specifically the road project and the facilities. Voters have voted for money to raise the cap and also for a penny tax. The city is a little short on the money to pay for the first phase of the Boundary Street Project. There's been discussion of an MID as an alternative to raising money. He said "MID's are a tax on top," and can be determined various ways. They had explored all the methods they could use and it became clear that MID had limiting factors on it.

Mr. Dadson presented a slide of the fund balances for TIF 1 and TIF 2. He said they'd only been established for a 15-year period. All 3 taxing jurisdictions give up their increment for the public purpose. The annual debt service for Waterfront Park (\$453,000) is separate financing. When they talked to bond counsel, they discussed the status of current TIFs. Total debt service is \$1.95 million. The balances of obligations are going down over time. He showed a drawing of the Boundary Street cross-section. He said the idea of the project is to slow traffic, move it through in an urban fashion; it includes a parallel road. The top priority is to complete the road project with the money they have. Staff recommends the following actions to the redevelopment commission:

TIF 1 comes up in 2012 and TIF 2 in 2017. The best thing to do is to extend the life of those TIFs.

- Recommendation 1: Extend the life of TIF 1 for a period of no more than 15 years in addition to its current life. The debt of Waterfront Park should be in that TIF. This allows them to re-finance that debt and have the life of the asset tied with it.

Ms. Ungaro asked if the increment is still on top of the original. Mr. Cook said it does not change the base. Mr. Weidner asked, if the TIF is extended, if it's an erosion in the value of the original base due to inflation. Mr. Dadson said it has a time/value effect of money erosion. "Right now, we're in an inversion of that."

Mayor Keyserling asked, if we assume the money raised on the TIF has nothing to do with capital investment, should the property value fall, because there was no vertical by the private sector, what the impact is if values drop. Ms. Hughes said that when the base is set, it's a dollar value, so the tax on that value is what the city gets to keep in the general fund. Tax on anything above that is what goes to the TIF. The incremental could shrink, and so far what has been taken in each year has been more than the current debt service. They've been able to put it aside and use it for other things that have been done in that area. Mayor Keyserling said his point was that there's uncertainty as this is stretched, and if other things are rolled into it, the revenue might be in doubt. Ms. Hughes said there is also some new construction in that TIF that hasn't yet been recognized because it's not yet completed. The value of the new construction is part of the increment, as is anything new. When a TIF is done, the base is set when the district is established; the increment is anything over and above that which comes along.

Mr. Dadson said two things have happened in the past few years. Many had the impression that the TIF was over-heated. They were growing but not over-heated, and they've since adjusted that. They feel more comfortable now with the value of the increment in the future. If they go ahead with the 15 years, they recommend that the city moves forward, and that the council ask the school district and county because they can opt-out. It doesn't happen until the end of both current TIFs. He said both county and schools should be pushed to stay in TIF 1. Waterfront Park is a regional asset.

- Recommendation 2: Extend the life of TIF 2 and encourage the county and school district to "stay in." In this case, Mr. Dadson thinks it's realistic to ask the county to stay in – obviously, they're part of the road network and are managing the program – but the

school district has more of a reason *not* to stay in than the county. However, they should be encouraged to.

Mr. Dadson said the value of commercial property drives 70% of the volume of receipts that the city receives from 6% and 10%. And there's very little 6%; it's mostly 10%. 25-28% portion of their layout drives that much volume of receipts, and it keeps 4% property owners from being hurt. Property owners aren't paying more; the TIFs pay it. Mayor Keyserling said that becomes an incentive for the property owner to go vertical because he's spending his own money on infrastructure.

- Recommendation 3: In staff's discussion with bond counsel, he recommended a third TIF that would be for 30 years, the length of time necessary to affect the improvements and get a large enough bond to make the redevelopment district work. The redevelopment commission has adopted a master plan and a redevelopment plan which bond counsel says needs some slight amendment to it and then can be used as the TIF3 document.

Ms. Ungaro asked how an overlapping TIF works. Mr. Dadson said it just adds a layer on top of TIF 2. Ms. Hughes clarifies that it's not an additional tax or increase in the rate. The amount of revenue from tax dollars on new construction gets separated. Mr. Dadson said they were unaware that a layered TIF was possible. Bond counsel recommended this and that it be for 30 years. The city believes that the county should stay in; county benefits when property improves inside a city. When a city gets more valuable, so does the county. The school district should also be asked to stay in.

The city will go ahead and do it whether or not the county and schools are in. They're not asking permission to do it. His approach is "We'll work with you, but this is what we need to do." Mayor Keyserling said the strongest argument is in the county's comp plan. Infill reduces the cost of services. For the money the county would be giving up, they will save in the delivery of services. He added that he needed to learn a little more about a layered TIF. Mr. Dadson recommended that the redevelopment commission should move all three of these recommendations into council. He added that bond counsel recommended doing it before the end of this year.

Mayor Keyserling said he's concerned that even though it's the kind of development that generates the most revenue, it puts almost all of the eggs in one basket. He feels that residential should be included and the focus should be on the downtown area. When TIF 2 was done, Carteret Street to the government center was left out. He said he understands the financial argument. Mr. Dadson said the Boundary Street Project and comp plan say that these kinds of methods should be sought to do this: "You don't have to stop at this. In order to make things happen, you're going to have to move forward with more TIFs...TIFs, MCIPs, and infrastructure tax credits are the 3 main things in addition to grants and MIDs, etc....You'll have to come up with other taxing methods because the state's not giving you any choice."

- Recommendation 4: That the redevelopment commission continue to explore developing a BID to complement the TIF3.

Mr. Dadson said that if these other things are happening, they've "taken care of the heat." TIF 3 will be smaller, but it allows a longer look at those improvements, and "you'll be replacing

things as you move along and have a capital fund to do that.” It lowers the impact of TIF 3. Mayor Keyserling said he understands that 6%’s and 10%’s are “the cash cow,” but 4%’s are what drive them. A retailer counts rooftops, first thing. Mr. Dadson agreed with him “about the other areas,” but TIF 3 takes the pressure off because the city has a \$50-75 million public investment plan to generate \$400-\$500 million in private investment. The form-based code allows the mixed uses. He thinks the market here has been fooled into thinking there are a lot of rooftops.

Mayor Keyserling is concerned that this undermines his central mission. What’s really needed, he feels, is more people in order to create the demand so that this makes sense. He said they need to create tools for the 4% areas to grow. Mr. Dadson replied that they don’t have a lot of tools to grow the 4%. The understanding of TIFs and MIDs and their relationship to O&M is better now. It needs to be done to take pressure off the general fund; the state and market and economy have locked the city down. He agrees with Mayor Keyserling on the rooftop analysis. The growth will come back, and if the Northern Beaufort County plan and comp plan are followed, growth should be in the city core. He reiterated that the county should be all for this; the cost is concentrated in the center, there won’t be sprawl, and therefore the county isn’t paying for services to the sprawl.

Mr. Dadson said the TIF would be applicable to mixed-use, probably not residential-only. Mr. Cook said “When you get serious on the Northwest Quadrant, you will have to come back to the TIFs.” Mayor Keyserling said he has political capital with the school district and the county. “We’re not a big city, and we’re all for growing with sensitivities; I want to make sure there’s a balance...I wouldn’t be putting in infrastructure when I have undeveloped things in the core district I could do first.” Commissioner Sutton said the Northwest Quadrant is the most needed redevelopment core of the whole city; there are only 5,000 dwelling units in the whole city. He feels they should “look bigger than the 6’s and 10’s.” Commissioner Rugala asked if some of these things can be done simultaneously. Boundary Street is the priority; the Northwest Quadrant clearly needs redevelopment. Mayor Keyserling said 50% of the city’s vacant, which drives costs down. The city has a penny sales tax, a TIF, and a city hall into this; “we’ve done all the spending.” He feels TIF 1 is a no-brainer. TIF 2 is setting up a structure to take the city beyond Phase 2. Commissioner Goodman said that extending TIF 2 doesn’t get them *through* Phase 2, only through Phase 1 and *to* Phase 2. Boundary Street corridor redevelopment is the golden area for right now. \$27 million is being invested in it. It gives that area the ability to grow and will attract growth.

Mayor Keyserling expressed concern that TIFs are mortgages. Mr. Dadson said they’re not mortgages, they don’t increase taxes, and they increase value. Mr. Cook said taxpayers are paying for schools that are outside of Beaufort, and this plan captures the school debt money that would otherwise flow out into the county south of Beaufort. Commissioner Goodman said the commission is somewhat impatient to see it move quicker, “but if we sit and do nothing and pick and choose what we can accomplish...this redevelopment commission’s biggest chore would be deciding what DOESN’T get done.” If they want to move forward and do the majority of the commission’s original plan, they need to have a funding stream to even consider it. Commissioner Sutton asked about the downside of not extending the TIFs and not creating TIF 3. Mr. Dadson said not extending TIF 1 puts them upside down on a lease-back and it takes away

money that could be used for marketing, police, and better care of assets like the downtown park, streetlights, etc. TIF 2 generates the majority of the city's cash. The general fund stays constricted. Commissioner Sutton said the bottom line is that it has an impact on the ability to do more on the Boundary Street master plan. Mr. Dadson said yes. Regarding the Boundary Street project, Commissioner Sutton said that without the parallel road, the plan's a failure. He supports the plan as a whole plan. TIF 2 is not a problem. The TIF 3 overlay is still fuzzy for him. Mr. Dadson assured the group that these recommendations are all legal; bond counsel recommended it. Ms. Hughes said the city had the option to go 30 years on TIFs 1 and 2 but didn't take it. Mr. Dadson said other downsides were asking for one more opportunity to reconcile and make sure the data's correct, and that "you really need to have the county in to make it work." Ms. Hughes said that there have been issues in the past with how TIFs are handled, but that's no longer the case. That problem no longer exists.

Commissioner Sutton made a motion, seconded by Commissioner Goodman to recommend to city council the following actions:

1. Approve a motion of support to extend the life of TIF 1 (the Downtown TIF) for a period not to exceed 15 years, which is in addition to the current life of TIF 1. In addition, this support also asks the City Council to ask for the full participation of the County and the School District to "stay in" this TIF for the additional 15 year period.
2. Approve a motion of support to extend the life of TIF 2 (the Gateway TIF) for a period not to exceed 15 years, which is in addition to the current life of TIF 2. In addition, this support also asks the City Council to ask for the full participation of the County and the School District to "stay in" this TIF for the additional 15 year period.
3. Approve a motion of support for the creation of a new TIF, TIF 3 (the Boundary Street TIF) for a period of 30 years. That City staff, to include bond counsel, be charged with preparing the necessary legal and financial documents necessary for this action, and, that the City Council ask for the full participation of the County and School District to "stay in" this TIF.
4. That the committee of the redevelopment commission be hereby charged to continue its exploration of and development of a Business Improvement District to complement the newly created TIF 3.

Mayor Keyserling suggested modifying point 3 to ask council "to explore" TIF 3. Mr. Dadson reiterated that bond counsel said they needed to move forward by the end of the year. Commissioner Rugala said that these are just recommendations to council; council can do something else.

Mr. Weidner asked if all the areas in the various TIFs are ripe for different types of redevelopment and infill. Mr. Dadson replied that this doesn't affect anything like that. Mr. Weidner said he feels any healthy business community should have some old commercial properties among the new buildings with higher rents.

The motion passed unanimously.

DISCUSSION OF DOWNTOWN PARKING PLAN

Mr. Cook said the three parties involved would be the City of Beaufort, redevelopment commission , and Main Street Beaufort. The discussion is about the 467 parking spaces that the city maintains; they're not talking about enlarging it but about how to manage the ones they have.

OVERVIEW

The money in TIF 1 would be used to upgrade the parking meters; the city would delegate management to the redevelopment commission as they're upgraded; redevelopment commission would contract with a parking company; and redevelopment commission would contract with Main Street Beaufort for marketing services.

THE NUMBERS

Last year, the city brought in \$253,000 in parking revenues. The net surplus is about \$130,000 after expenses of about \$125,000. The management company they talked to projected a surplus back of \$228,000. He went on to compare what's been done in the past to what's being projected to be done. There would be 85% more revenue in parking fines, etc.

Things That Would Increase Revenues:

- Enforcement that is consistent, singularly-focused, extended, and on Saturdays
- Enforcement hours in sync with commercial activity
- Fine structure that promotes parking and paying
- Coupling the parking management plan with a retail marketing plan
- Digital pay stations
- Booting
- Citation, adjudication, and collection
- Making parking a customer-oriented process

In 2009, parking enforcement officers are rotating in, unlike in FY 2006 – 2009. Consequently, this year, parking revenue is dropping down. Tickets are virtually non-existent and the tour coordinator and parking enforcement officer are the same. Enforcement hours aren't in sync with commercial activity; 37% of the time the officer is paid for is prior to the time commercial activity is happening, and only 63% of his time is devoted to parking enforcement.

He said Bay Street is a living thing. On Bay Street from 4 a.m. - 10 a.m. – The Morning Face: cleaning crews, deliveries, street sweeping, etc. around 6 a.m. From 10 a.m. – 4 p.m. – The Business Face: banking, finance, retail, lunch, tours. From 4 p.m. – 9 p.m. – The Dinner Face. 9 p.m. – 2 a.m. is The Late Night Face.

The enforcement officer only makes one pass a day. From 10 a.m.- 3 p.m., he goes to the Marina and “has his hands full” with tour coordination. Retail operations open at 10 a.m., and there's only an hour of overlap for parking enforcement.

Meters are only as good as the enforcement is. When parking is outsourced, there's a lot more coverage. Mr. Dadson said the police function will become much more flexible if it's outsourced. Mr. Cook said enforcement will be on board on Saturday, and though parking would be free on Sunday, that's not the only obligation, and it could be on board for that, too. He said with digital pay station meters, parkers can use credit and debit cards and there's real-time

verification. Merchants won't be quarter-changers anymore. The time remaining on a meter won't be displayed.

There are currently 1,714 open tickets = \$19,908 in uncollected fines and no way to collect most of it: 83% of it is out of state and can't be collected.

Solutions from changing management

- Improve citation issuance and collection processes:
- Automate with digital ticket writing devices
- Fully automated system with no data entry
- Electronic DMV look-ups
- Computer generated mass mailing of citation notices
- Out of state collections

He also said that they have never designed a parking plan that puts people in stores, nor are people able to buy parking passes online. The only big difference in wages and benefits is hiring management and adding an incentive fee for management. Mr. Cook said this money is being spent anyway. Beaufort Parking, Inc. would be a not for profit governmental entity.

Pros for Main Street Beaufort:

- Will link a marketing plan with a parking plan
- A group of ambassadors pushing commerce
- They're also doing the enforcement
- Police can go back to community policing
- Safety policing at high-risk hours. Waterfront Park is a \$7 million asset. Vandalism there is not happening from 8 – 10 a.m.
- Stabilized funding – It's a general fund expense, budgeted every year
- Employee parking – nothing's ever been done about this issue.
- Vehicle turnover means more people. Tourists make 3 passes, can't find parking, so they go elsewhere to spend their money.
- Input as stakeholders
- Less clutter in the commercial district - There are poles every 20' for parking meters now, and maybe they can be taken out.

Mr. Cook didn't believe there were any "cons" for Main Street Beaufort.

Pros for Redevelopment Commission

- Creation of a "bondable" revenue stream that can be leveraged and built upon
- Marketing expertise from Main Street Beaufort
- Funding of redevelopment objectives
- City backstops any loss

Cons for Redevelopment Commission

- Assuming managerial responsibility
- Creating a contractual liability to Main Street Beaufort in exchange for their marketing expertise

Mayor Keyserling said that's true, but if it's more successful, they make more money.

Pros for City of Beaufort

- Eliminate costs to upgrade handhelds and software ticket makers - \$120 – 150,000
- Refocus personnel resources – with no staff cuts – to critical needs which the city is suited to meet. It eliminates \$80,000 in wage costs without eliminating people.
- Reallocate police coverage to coincide with risk
- Align goals of redevelopment commission , Main Street Beaufort, and City
- Eliminate pressure by taking money out of the General Fund
- Increase police interaction with carriage tour operators
- Increased community policing in downtown
- Retain connection with downtown after City Hall relocates to Boundary Street

Cons for City of Beaufort

- Eliminates a revenue source for the city
- Will use TIF 1 funds to invest in meters and equipment
- Eliminates a source of collateralized borrowing for City
- Backstop redevelopment commission for any potential loss

No operating expenses, repairs and maintenance, or insurance, so the city saves about \$40,000 which can be used to refocus where police are. There can be *reinvestment* of eliminated costs in things the city does well. With the downside risk, the city will still be in the black. The risk is that it will be a break-even. Staff recommendation is that after weighing the options, the parking be outsourced under the redevelopment commission in conjunction with Main Street Beaufort.

Mr. Cook said that there are three phases proposed by the company they've talked to:

1. Take parking over, get the meters, get the city out, keep rates and fines where they are but basically run a transition period were the city leaves and the pros come in.
2. Determine what the issues are, get input, design a marketing plan, and figure out what makes sense for all stakeholders.
3. Determine if there is adequate parking now and in 2015.

He said that with an outsource company, political transactions become business transactions. Commissioner Sutton said breaking it into stages makes it more palatable for him. Parking was never meant to be a revenue stream. If that's the only reason to do this, it's a bad idea. But he likes the idea of a plan that can deal with employee parking, which is one of the biggest problems for retailers on Bay Street. Phase 1 is fine as long as it measures the cause and effect. He feels you have to be consistent in parking enforcement or none of it works. \$3 for a ticket is too cheap, but there is a tipping point. Core commercial downtown district is the only place with parking meters; only those retailers are affected and will be mad about it. He's also concerned that neighborhood policing won't be increased. He doesn't want to see the only police presence they know they have going away. Mr. Cook asked "When the policeman is toting 40 pounds of quarters, how much policing is he going to do?" Mayor Keyserling added that if employee parking works, "you'll need police presence there 'til 2 a.m., or you can't sell employees on it."

Ms. Hughes advocated using a company whose business is parking, that has done it in other jurisdictions, understands parking management, and works with the merchants to make sure it meets their needs. The city doesn't have the expertise and ability to do that. Mayor Keyserling asked why the redevelopment commission is necessary to this. He thinks it ought to be driven by a system that works rather than by a system that doesn't. Mr. Cook said the redevelopment commission doesn't have to be a player, but they need the revenue or they'll never have a consistent cash flow. Commissioner Sutton agreed that this is a revenue source that can be used. Mr. Dadson said that parking is a commerce issue.

Chairman Pinkerton asked how to move this forward. Mr. Cook said the city knows "we can't touch parking elsewhere," and they don't plan to do downtown and drive the problem to the east. A member of the public expressed concern that Wilmington's downtown "dried up" because they changed their parking policies. Mr. Dadson said that the malls drove everybody out of *every* downtown; that wasn't parking. Ms. Lutz asked if there were ways to find more parking spaces. Mr. Cook replied that that would be a Phase 3 issue. Commissioner Sutton said that's where you need the redevelopment commission to make sure that someone's looking long-term.

Mr. Dadson said he thinks if parking is related to marketing to the best interests of the merchants, the incentives are in line. Both have an incentive to make money. Main Street Beaufort now has a tangible asset to sell: discounted employee passes, etc. The ambassador may do a parking ticket, but if someone's illegally in a loading zone, an officer still has to come down. And the fine needs to be raised, but he agreed that there is a tipping point. Mayor Keyserling said managing parking better is the first step. It's about the turnover for retail parking. He'd like to see Phase 3 pushed up, but 300 passes can be sold for 200 spaces. In other words, more spaces can be sold than are physically had, which in turn creates spaces. Management can determine the most efficient system. It's driven to make parking work and as a tool for the merchants and people who live downtown. Even if the city made no money on it, he would be on favor of it.

Ms. Lutz said Mr. Cook had alluded to pushing parking into the Point and the reaction. She asked if there was concern about the same thing happening in other neighborhoods. Mr. Cook responded yes. He said decisions about parking can't be made in a vacuum. The city doesn't have the expertise to look at that and do it comprehensively. Kimberly Foxworth said in regard to police officers, the city has been trying to put money in the right places to allow the police officers to be placed in the areas at the times when it's most necessary.

Mayor Keyserling made a motion, seconded by Commissioner Rugala, to recommend to city council that it further explore the idea of transferring parking to the redevelopment commission in concert with Main Street Beaufort. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Commission, the meeting was adjourned at 7:40 p.m.

ATTEST: _____
SHIRLEY HUGHES, ACTING CITY CLERK