

A meeting of the Beaufort Redevelopment Commission was held on June 3, 2010 at 4:00 p.m. in the City Hall Conference Room at 302 Carteret Street. In attendance were Chairman Bob Pinkerton, Commissioners James Bellew, Martin Goodman Mike McNally, Wendy Zara, City Manager Scott Dadson and Shirley Hughes. Commissioners Gene Rugala, Ed Barnhart, Denise Bolin, and Jon Verity were absent.

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.

### **GUEST SPEAKER KENNEDY SMITH FROM MAIN STREET SOUTH CAROLINA**

Kennedy Smith from the Community Land Use Economics Group made a presentation on downtown development trends. Downtowns thrived until the 1940s and 1950s when changes included businesses moving out of the downtown areas and buildings deteriorating. Euclidian zoning led to the creation of communities and new developments where communities are segmented out by use (such as shopping, housing, etc.), connected by artery roads. The GI Bill pumped money into new housing development. The Interstate Highway Act made it easier for people to travel farther away from downtowns. The growth of the auto industry and the advent of credit cards and air conditioning, as well as accelerated depreciation were all factors as well.

Ms. Smith said that retail is always a market follower, so when people move, retail does, too. Convenience-oriented retail was the first to move out of downtowns, then malls, then Big Box stores like Wal-Mart. Experts are advising against building any more retail of any kind as the country is "over-retailed" already. She reviewed what communities did with their downtowns to try to draw people there. Over a generation or two, a drive-through culture (instead of a walking culture) has been created.

### **Some things that work in downtowns**

- Authenticity-local materials and architectural style
- Market-based economic development strategies-sales/revenue; rent levels; rehab/maintenance
- Uses with market viability
- Uses that meet community desire
- Mixed uses for any commercial center are important
- Opening new distribution channels for downtown businesses
- Vending machines
- More effective use of the internet
- Everyday ephemera – things that enliven a district, i.e., swings, rocking chairs, paintings, murals, etc.
- Establishing independent businesses
- Capitalizing local businesses-including community-owned department stores

- Better design from national chains
- Removing regulatory hurdles-to make development easier downtown than out on a strip

### Game changers

- Young investors will invest closer to home; they want to see what they're investing in
- Environmental issues will shape decisions more and more all the time-preserving an old building is always a better environmental solution than building a new one; they are built to conserve energy because they were built *before* air conditioning. Ms. Smith gave many examples of other green inventions and innovations.
- People will spend less money on retail stuff-average propensity to spend at a shopping center has dropped precipitously; credit has sky-rocketed, and savings have plunged. There's rental of clothing, musical instruments, etc.
- Small industry will be more important.

### Questions to ask when evaluating development projects

- Does it advance the community's ED agenda?
- Would it help diversify the local economy?
- Is it green?
- Is there synergy with existing businesses?
- Does the scale of the project make sense?

### DISCUSSION ON PROPOSAL FOR STUDENT HOUSING

Dick Stewart presented a packet to those assembled. He reviewed the assumptions behind the need for a Higher Education Village. He reviewed funding availability, including two federal sources; one is a direct loan, and the other is a loan guarantee program. USCB and TCL can't divert funding from Bluffton to Beaufort without a local initiative to kick-start the expansion of courses in Beaufort.

His group recommends that the village be built to begin with on the Trask/Tully property at Bladen Street and the county-owned block where former county offices are located. He reviewed the considerations that informed these recommendations.

The Higher Education Village could be owned by a number of entities, i.e., the city, USCB, county, etc., or a combination. Revenues from the Higher Education Village during and after the debt funds as well as how the excess funds would be used are all considerations that need to be addressed as is the question of who should manage it.

Mr. Stewart asked hypothetically what is required to demonstrate feasibility, and then showed the estimated cost projections for the project. In the first year, gross revenues would be \$2.88 million, less various operating expenses and debt service, leaving leave a cash surplus of \$406,060 and after 8 years, \$11.89 million.

He then showed the amortization schedule for the bank guarantee portion and the direct loan portion. Mr. Stewart said the next step is for the Redevelopment Commission to determine if they are interested in pursuing this; if so, his group is prepared to hand off materials they have and help the Redevelopment Commission. Subject to financing, there is a question of whether classrooms, labs, offices and other space should be included in this financing.

Commissioner Goodman said in the Redevelopment Commission planning sessions, student housing was discussed, and it is in the plan, so something needs to be looked at, but he doesn't know if it's this plan. Mr. Dadson reviewed the Redevelopment Commission's work session objectives in the plan re: partnering with the university to expand programs and attract students. The objectives were to 1) support an increase in the USCB population; 2) identify housing opportunities for college juniors and seniors; 3) evaluate Boundary, Carteret, King, and Prince Streets as possible areas for growth for student housing.

Mr. Stewart said he had never envisioned this being only USCB; he doesn't know TCL's growth capacity. If the training squadron comes to the base, there will be even more potential students. He's not saying this is the right size and model. He thinks that whoever owns it and gets the money, he'd like to see it used to foster higher education.

Dr. Jane Upshaw said that USCB does have a Master Plan. Where they go from here is that the master plan will come back to USCB and then bring it back to the community. They call for 211 beds to be built on this campus. The idea is that in order to grow a vibrant institution, there needs to be the energy on campus. Parents of students "from afar" look to the university to provide housing for freshmen and sophomores. They tend to go into the community when they're juniors and seniors.

Dr. Upshaw continued to say that USCB may have to tweak the plan once it's been brought to the community. Students demand good product for housing and will choose another school if it's not sufficient to their needs. She said she's very excited that the feds are interested in helping with financing in order to grow the art program. The 211 beds estimate would be to serve that many art students with some programming opportunities within the housing building, i.e., a student center and food service. To grow as they want to, they have to have housing and have it "as soon as possible."

Dr. Thomas Leitzel said this would open up a new opportunity for TCL and be a good area to reinstitute the Chautauqua model. The village allows faculty and medical professionals to be a part of it. They're not designed for student housing now, but for military, for example, who are here for a year and are in search of housing, this village would be an attractive option for them. He said he would lend his support and likes the college town environment.

Mr. Dadson said there could be a huge one-time influx into the market and that should be considered. He said the currently discussed location is also disconnected from where both main campuses are. The idea so far has been incremental growth and smaller mixed use

development. Mr. Stewart said the institutions need to decide, if the county were to come in, whether the buildings could be used for housing and then the second piece could be built later.

Mr. Dadson said if the housing is built before the program, it's putting the cart before the horse. Mayor Keyserling wondered, if the Redevelopment Commission has certain tools, and there's agreement to grow both institutions and the desire for Beaufort to be partly a college town, whether it would be better to focus on housing or to work on upper story vacant spaces that could be classrooms or studios. He said he doesn't know the answer to that question but it should be considered. Mr. Dadson said the Redevelopment Commission has said that they would work with the institutions to determine what they need, then consider land use, etc. according to their work plan. So the Redevelopment Commission needs to see if this plan matches where they want to go. Mayor Keyserling said when the Redevelopment Commission decides if this is the right direction for them to go, if there's land to build on, they need to decide if this the best use of the Redevelopment Commission's resources.

Dr. Upshaw said they know they need energy on campus, so they need those beds on campus. She believes if the capacity were there, they would attract students to the campus. The state appropriation has been cut significantly. If the students don't pay the tab, there has to be some investment in the program.

Mr. Stewart said the "theme is limited resources." He is certain that no one is going to show up and solve all of these problems. He feels this will bring resources to bear short-term and long-term. Commissioner Goodman said it crosses over several of the communities Redevelopment Commission wants to develop. They have already discussed the county's buildings, and it's time to find out whether they're even available for development. Chairman Pinkerton asked how flexible the government was in letting people have those funds. Mr. Stewart said they're interested in funding things that will create jobs. It's not restricted to student housing, but it is available for that purpose.

Chairman Pinkerton asked Dr. Leitzel if TCL had a long-range plan. Dr. Leitzel said they are doing similar things to Dr. Upshaw in terms of planning, but they're at a different stage. Mr. Dadson said the city is in the middle of a planning process as well. He thinks the Redevelopment Commission should work USCB's and TCL's master plans into the Redevelopment Commission master plan. He said it's a land use control issue. The Redevelopment Commission can do the same thing. They need to look at what they consider to be the core community. Mr. Stewart said if they had waited on USCB to become a 4-year institution, it never would have happened. If they think that USCB will make this happen without help, that's a bad assumption because no surplus resources will appear and if they did, it would be inconsistent with any experience he has ever had. He feels the citizens need to decide to do it, and someone needs to lead that effort.

Dr. Upshaw said they have invested and are trying to buy a little bit of property. They may sell some less useful property to buy some more, but they are "woefully underfunded." Another

chancellor may not have this same belief. She said the question is of the appropriate way to make it grow, not whether they need to grow.

Commissioner Goodman said Mr. Dadson said the committee of the Redevelopment Commission will find out the needs and then from that data make some appropriate decisions. Until there's a better handle on what USCB and TCL have as expectations, the reality is that the Redevelopment Commission needs to work within the needs framework and looking at timeframes. Dr. Upshaw said she's looked at everything, but the reality is how to get it together in the short term and make it work to have a walk-around campus.

Mr. Dadson said the city has set its goals and vision in the comp plan; the Planning Commission works in the regulatory environment (form-based code) and the infrastructure environment. The Redevelopment Commission serves as the master developer to assemble that which makes sense and to work with institutions. Individual projects that come in have to fit within their framework. Some pieces of the proposal may fit within the framework. Mr. Stewart said he "merely wanted to start a dialogue." Commissioner Goodman said this is important to the Redevelopment Commission, as are USCB and TCL.

Commissioner Zara said it needs to be discussed at the committee level. Mr. Dadson said that then there should be discussions with USCB and TCL. Commissioner Goodman said there's an assumption that they have resources. Mr. Dadson said they own one business at this time that might be of benefit to USCB and TCL.

#### **PARKING UPDATE**

The Redevelopment Commission was given copies of the monthly report. Mack Cook said the FY 2011 obligation to Main Street Beaufort can be satisfied, and they'll be ahead by \$40,000. When the meters go in and the public is educated, then the rates change. Mr. Dadson said letting the technology and rates change and then implementing other ideas (like night parking) will give them the data they need to make those further decisions. Commissioner Goodman added that they'll also have merchant feedback and the data from parking surveys then. That increased data will help them make decisions.

#### **BLADEN STREET UPDATE**

The first meetings with property owners have been completed. Mr. Dadson explained the current state of the easements and the property owners. It's not holding anything up. Chairman Pinkerton said individual attention made the whole thing work.

Chairman Pinkerton said the issue of student housing falls under the economic development group of the Redevelopment Commission, so they need to meet, but should first meet with Mr. Dadson.

Mr. Dadson said council will begin looking at new candidates for the Redevelopment Commission as soon as they have placed a couple of people on the Planning Commission.

Commissioner Goodman asked if, since the Redevelopment Commission has become comprised of non-council members, the city would do a quick update on things like e-mail communication, etc. Now that they have committees, much of that work can be done via e-mail. He wants to know what he is and isn't required to do. He feels that to be able to have those external discussions electronically is the way to go. Mr. Dadson said he'd have the city attorney train them.

Chairman Pinkerton asked if there was a way to make a call-in count toward a quorum. There was some discussion of this, and Mr. Dadson said he'd ask the city attorney.

### **EXECUTIVE SESSION**

On motion by Commissioner Goodman, seconded by Commissioner Bellew, council voted to move into Executive Session pursuant to Title 30, Chapter 4, Section 70(a) of the South Carolina Code of Laws for discussion regarding land acquisition. The motion was approved unanimously.

Commissioner Zara, seconded by Commissioner Goodman, made a motion to come out of Executive Session and resume the regular Redevelopment Commission meeting. The motion was approved unanimously.

### **ADJOURNMENT**

There being no further business to come before the Commission, Commissioner Goodman made a motion to adjourn, seconded by Commissioner Zara. The motion passed unanimously, and the meeting was adjourned at 6:45 pm.

ATTEST: \_\_\_\_\_  
IVETTE BURGESS, CITY CLERK