

A special session of the Beaufort City Council was held on January 21, 2014 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Mayor Billy Keyserling and council members Donnie Ann Beer, George O'Kelley, Mike Sutton, and Mike McFee, and City Manager Scott Dadson.

In accordance with the 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.

AMENDMENT TO OLD CITY HALL BUILDING LEASE

Councilman McFee said they have had discussions with Lowcountry Produce about the lease renewal of the city's old City Hall building. The rent will stay at \$12 per square foot for 2014, then go to \$13 per square foot in 2015. Councilman McFee explained the need for the special meeting. **Councilman Sutton made a motion to approve the terms of the lease extension. Councilman O'Kelley seconded. The motion passed unanimously.**

APPOINTMENTS TO BOARDS AND COMMISSIONS

Mayor Keyserling said they are without a representative on the MEC. Mr. Dadson was appointed for his special expertise, but there were concerns about other governments then wanting a representative on MEC, too. **Teri Maud**, who has been working on TWEAC, is a 911 widow, and she has her own career working with families and schools to train counselors, Mayor Keyserling said. She understands the military life and has good contacts. She has agreed to be on the MEC. **Councilman McFee made a motion to appoint Ms. Maud to the MEC as the city representative. Councilman Sutton seconded. The motion passed unanimously.**

Councilman Sutton made a motion, second by Councilman O'Kelley, to adjourn the special meeting and move into the work session. The motion passed unanimously.

DISCUSSION WITH LOWCOUNTRY ECONOMIC ALLIANCE ABOUT COMMERCE PARK MARKETING AND TWEAC

Kim Statler said that in partnership with Beaufort, Palmetto Electric and the town of Hilton Head, they did a study to pursue economic development in back office, IT, light manufacturing, etc. They were told to look at what other cities were doing to pursue those businesses and what's working for them. They came back with a full document on how to pursue companies to relocate. Ms. Statler said it's proprietary information, but she is sharing the high-level recommendations for the Commerce Park. There are no manufacturing or industrial products south of the Broad; anything like that will go north of the Broad. Call centers, etc., can go to the places that do not have any industrially zoned property.

Commerce doesn't focus on those markets, Ms. Statler said, and is set up to do manufacturing, which their incentives are geared toward. It's difficult to incentivize back office and IT, so specific to the Commerce Park, prospects have all come in with some kind of connection to Beaufort. The consultant was challenged to look at patterns in tourism, home states, and internationally. Germany is making investments in the US because of high utility costs in their country. They are looking at the East coast because it's closer to their markets. The Southeast is particularly appealing. The consultant

recommended that they engage a sub-contractor in Germany to cultivate leads based on the aviation category. They have identified someone. The consultant also recommended Canada, which has a high visitation to the Lowcountry and a high aviation footprint.

Domestically, looking at patterns of relocation, the consultant identified Pennsylvania and Ohio as target states. They go into those states to call on them through a sub-contractor to make those cultivation calls. They will partner with the state and go on the trips, but Charleston and other competitor cities are difficult to distinguish from Beaufort. The consultant said that they need to be more strategic to distinguish Beaufort from the competition. Commerce is not focusing on back market IT shows, Ms. Statler said. Competitor cities are outspending Beaufort by hundreds of thousands of dollars. Savannah and Charleston have huge independent economic development marketing footprints, so Beaufort has to be more strategic about going after the businesses that they are not pursuing. The aviation corridor is the most likely. Pennsylvania and Ohio have high identification rates with the Lowcountry and high utility rates they want to get away from.

Ms. Statler said the detail about how to go about this is the value in the document, for example, picking smaller shows, where they aren't fighting for attention. Competitors do lead generation, not the direct connection route. Lead generation costs about \$3500 per lead. They are looking at a consultant in Germany, and they are looking at how to reconfigure the budget for next year.

Mr. Dadson asked about a company that relocated here that is originally from Canada. Ms. Statler said the owners always went to Florida in the winter, and they saw a sign for Oldfield on I-95, and then they found Beaufort and the building they're in now. They found two ports and cheaper healthcare. They took a hit when the economy tanked but they're coming back. The aviation footprint is significant. The aviation corridor goes all the way to Alabama, Ms. Statler said.

TRANSITIONAL MILITARY WORKFORCE PROGRAM (TWEAC)

Ms. Statler said that they are matching Marines who are exiting to keep them and their families here plus also using it as an economic development hook to bring industry here with a great labor pool. **Dwight Hora** has been in the office and works with Marines directly. They have presented to the retirement class in Beaufort and asked them to stay. Great people have come through, Ms. Statler said, and great matches made locally, maybe at Boeing or they could be at Grayco. They want to stay, she said, but they just need the opportunity. The officers' transition is easier than the enlisteds' because they can be expert in only the one skill they have learned since high school, or they may have done something for 20 years and have no idea what they want to do now. She said the program is unique and provides a competitive edge. It can be better by also offering options for the spouse for work. LEA has invested \$50,000 in the project and wants to continue to do it. They work at the state level to identify resources for LEA's programs.

Ms. Statler said they find out about companies that need to add people, but that do not necessarily know they have a position to match, but if they can hand a resume to the company in advance before the Marines leave, TWEAC can get the person in. She praised the people involved in TWEAC.

Mayor Keyserling said he'd seen a FB post sent to him about a Marine who wanted to stay in Beaufort when he got out, so Mayor Keyserling referred him to Mr. Hora. Mayor Keyserling said the marines end up with more front end, younger people than the other armed forces. Even worst-case scenario, if they hire someone through Boeing or in Sumter, Beaufort at least still gains a representative, and people can look to Beaufort to come here. Ms. Statler said a large employer takes the top of the labor pool. They don't want their suppliers closer because they will fight over the labor pool. The Beaufort labor pool is unique because enlisteds have a great work ethic and are very trainable. Exiting military are among those being assessed by the State for the labor pool and are rated highest. Ms. Statler said Sumter landed Continental over a North Carolina community because Sumter had exiting military for the labor pool. Councilman O'Kelley said the Continental plant is massive. They 4-laned Highway 521 for the company. Ms. Statler said when she first moved into Beaufort and noticed that Highway 21 was 4-lane, she wondered where the industry was.

Mr. Dadson said Ms. Statler had talked about marketing and TWEAC, and he feels they have a strong interest in making sure that these programs continue. He asked how the city and council can help. Ms. Statler said that they need to prioritize with the consultant. They would like to partner with the county and maybe the municipalities to take a more aggressive approach. She's asked the consultant to help her look at that realistically. Ms. Statler said they "maybe should hold TWEAC close." The #1 issue for economic development is the labor pool. Companies have gone to communities for labor, then not found it. So part of her says they should keep it to themselves, but another part says that there are other military installations in the state. Ms. Statler said for a competitive advantage, they should keep it to themselves. Ms. Statler said she and Mayor Keyserling have spoken to everyone in Columbia. If they are to keep it as a competitive advantage, then they need to fund it.

Mayor Keyserling said there are hundreds of thousands of websites that are supposed to match people with jobs, and many focus on the military. They thought at one time that "it was the universities and then the silos, but we have learned that it takes a personal touch with the industries," and showing them what they will be getting. They also need to show people what the military can do, and what they have to offer. Mayor Keyserling described a story about a person who had left the military who described himself as being skilled at "getting stuff done," and Mayor Keyserling told him that he's prime for middle management. "The Army's approach is like Match.com," Mayor Keyserling said.

Ms. Statler said when you need a job, you network, but former military don't have that option in the civilian world. The tight market means there's a lot of competition. TWEAC can provide the opportunity to tell an employer what the person did in Afghanistan, for example. They use their network for the military person's benefit, she said. TWEAC has a network, whereas the military doesn't. People leaving the Marines get 5 days of transition, and then they don't know where to start. Ms. Statler said they are getting great feedback on the people they have placed. They have met with Lockheed, which asked for people who are transitioning with particular skills.

Mayor Keyserling said they need to help Mr. Hora with the pipeline and also governmentally or privately have "a full-time Dwight" and grow the program. Councilman Sutton said the Commerce Park growth is tied to this as well. The idea of marketing to the global market that they have a work force ready will

benefit everyone. Mayor Keyserling said Clemson does a certification program for people who have the skills from military service, though they aren't certified as civilians.

Mayor Keyserling said he believes that in the past 3 years, they've been under an illusion that Beaufort didn't have a work force, but now he realizes that "Beaufort could be the envy of all." Boeing skimmed the cream off of Continental for employees, and now Continental is in trouble. Mr. Dadson said the City of Beaufort is indebted to the experience of the military in the police department, fire department, and administration, all of which are all full of spouses and ex-military. They have always found some of the best and brightest to be exiting military. Mr. Dadson said "the IT some of these folks know is tremendous" and will accelerate with the arrival of the F-35. These skill sets are a valuable differentiator from others. Mayor Keyserling said he feels Beaufort will be the place in the region one day where people come to look for employees. No one else really understands the issue like Beaufort does.

Ms. Statler said she has found that if you want to do something, you have to figure out how to do it on your own. The resources are fewer and partnering is more difficult. Mayor Keyserling said people know Charleston, and they don't know Beaufort, so tagging along on the state bandwagon is not as effective as going on their own, though that will be more expensive. Someone coming from Germany will land in Savannah or Charleston and need to come to Beaufort to see that they can have their product made well here. Europeans have come to Hilton Head for a very long time, Ms. Statler said. People there always know where Hilton Head is, but not South Carolina. The potential consultant in Germany gave tips as to the way business is done in Germany.

Councilman O'Kelley said the northern states are important, too. Mayor Keyserling said people in the US know Parris Island as much as Hilton Head. Ms. Statler said the most effective marketing tool over time has been the online presence which doesn't cost a lot, and the consultant said they should improve their branding and show, for example, that Beaufort is the Lowcountry, not just Charleston. They will use social networking better as well. Mr. Dadson said they want to benefit a broader pool than just the Commerce Park.

Ms. Statler said the county has asked them to look at additional sites in Beaufort County. Any possible location in Northern Beaufort County that makes sense will be looked at. Mr. Dadson said the two pieces they are talking about tonight – the people and getting into a good targeting position – are most important. Ms. Statler said running ads is a low priority.

Mr. Dadson said, "LEA has been working with the Chamber of Commerce on the CDB part." Ms. Statler said LEA does a better job of selling the qualities of Beaufort to the media. Other communities tie their economic development to their tourism. They will work in CDB with tourism: "Let us help you bring your business here; don't wait to relocate when you're 65."

Alan Dechovitz said he's read about two Chinese textile companies locating in South Carolina and rural Georgia. Ms. Statler said a textile company looked at the area. The issue is a competitive one. They were given a building in Florida. They look for existing space, and Beaufort doesn't have a textile building. Textiles have looked at Beaufort, but she doesn't know about the other two Mr. Dechovitz referred to. She said she is certain that they looked through the State. A manufacturing wage is too high, and

Beaufort can't make it work. Other places with a lower wage threshold *can* make it work. The building in Florida was empty and ready. Mr. Dechovitz said two other companies went to Myrtle Beach in arms manufacturing. Ms. Statler said when they recruited an arms company into Ridgeland, they had recruited a competitor for Beaufort.

Mr. Dechovitz said the county has spent \$750,000 in Bluffton for an industrial park. He said it seems like "they are competing against themselves." He asked why the county is doing that. Mayor Keyserling said Bluffton got ahead with the back office tech-related company, and the Town of Bluffton rolled the dice with Care Core. The money the county is spending is to complement that and grow around it. Ms. Statler said it's not industrial; it's commercial property. It's behind Target, and when a company comes with a 10,000 square foot high tech space south of the Broad, it's hard to fill that order. So the county is trying to create a footprint there on county property with utility tax credit money – it is not annexed into Bluffton – to help the county. There has been trouble finding a way to drive business development in that corridor, Ms. Statler said. They have inventory that is small and segregated for a retail, not a business, market.

Mr. Dechovitz said he's concerned that people are being found jobs and then leaving Beaufort. It feels as though, he said, the county is competing against Beaufort, after selling Beaufort an industrial park. He feels that county council should be representing the whole county when it comes to economic development. Ms. Statler said that the more you have to offer a client for options, the better. What hurts now is how little they have to offer; they have to retrofit while Beaufort's competitors have spent lots of money creating multiple parks, so they have multiple options to offer. She has to make Beaufort so competitive with few options. Ms. Statler said she wishes the history of the park wasn't what it was, but the city owns it now and is in a perfect position at the right time with the right labor force. She wishes they "owned a ton of property."

Merritt Patterson said he was appointed to the MEC, and they are going to the Association of Defense Communities. Colonel Murtha gave them a rundown on the future of MCAS. One opportunity is the international sales of the F-35. He's hosted people who are considering buying it, and then they will have to decide where to train. These are northern NATO countries. People can train with options, Mr. Patterson said, and this is an easy one: to train here and then Beaufort will become a permanent presence for the pilots and the whole squadron who will train on all that it takes, plus re-training. The pilots will retire out of the Australian military, for example, "and then a new guy comes." When they come, he thinks it's an opportunity to show off the lifestyle and give them packages to eat, play golf, stay downtown, etc.

Colonel Murtha has said this "will be a center of excellence," Mr. Patterson said, so other branches of the armed forces will train here and "could have an impact on the third-party people." The facilities will be on base, but the people will want to be entertained, and Mr. Patterson thinks the city and LEA should be more engaged with the MCAS for when these people come here. Mayor Keyserling said some of them will be high-security, but not all of them. Mr. Patterson said there are two big buildings, and people have come down to look at it that aren't in the Commerce Park. Mr. Patterson said, "We shouldn't let the MCAS opportunity marketing opportunity pass us by."

Stephen Murray said the community is being outspent, and other communities have a bigger head start, so Beaufort needs “to get it together to make a good effort.” Mayor Keyserling said a lot of state politics goes into where businesses go. The Port Authority is very engaged in economic development, and they bought the land for BMW. That’s a reality, Mayor Keyserling said, plus overcoming the idea that Beaufort is unfriendly to business “from 20 years ago.” But Mayor Keyserling said he sees marketing the notion that future workers are people who are being trained at MCAS and on the PI obstacle course.

Ms. Statler said the progress is “slow, methodical, and frustrating for all of us.” Competitors are “dumping money to be aggressively competitive,” and Beaufort can’t do that. They are being outspent and can only do what they can do. Mr. Dechovitz asked the gap, and Mr. Dadson said \$400-600,000.

Mayor Keyserling said in communities where there’s existing industry, they have a county person, a Chamber of Commerce person, and a not-for-profit that existing industries invest in. Ms. Statler said Sumter by itself spends \$250,000 a year at least. The county matches it, “and industry comes in and throws on top of that.” Mr. Dechovitz said that’s a pretty substantial gap. Ms. Statler said they want the results like what they see in other communities, but they aren’t spending the money. Mr. Dadson said Ms. Statler is getting numbers together about what’s possible, and Ms. Statler said yes.

OTHER BUSINESS

Mayor Keyserling said next Tuesday at the council meeting, they are not having the public hearing on zoning. Councilman Sutton asked that the mooring field be added in a future workshop. He has been having discussions with some of the anchored boaters, he said, and “there’s some clarity that they need to have this vetted.”

Mayor Keyserling said it’s also time to do some thinking about Southside Park. Councilman Sutton agreed that it should be on the radar. Councilman McFee said they should invite the committee when they do that.

Mr. Dechovitz said that, on the web, you can find that any place that’s put in a mooring field in the last few years, all have the same reaction that Beaufort is having, so no one should be surprised. Councilman Sutton said he’s been calling marinas in Florida and has gotten ideas that they need to talk about; there are pros and cons that they’re learning about.

ADJOURNMENT

There being no further business to come before city council, the meeting was adjourned at 6:20 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK

