

A work session of the Beaufort City Council was held on September 7, 2010 at 5:00 p.m. in the City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Council members Donnie Ann Beer, Mike McFee, Mike Sutton, Gary Fordham and Mayor Keyserling, City Manager Scott Dadson, Shirley Hughes, Ivette Burgess and Mack Cook.

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.

Mayor Keyserling called the work session to order at 5:02 p.m.

CONTINUED DISCUSSION REGARDING BOARDS AND COMMISSIONS

Mayor Keyserling recommended that council vote on the candidates at the next regular session in a week. Councilman Sutton asked about the duties of those who serve on the Electoral Commission. There was general discussion of whom they report to, etc. Mr. Dadson said Scott Marshall had sent an e-mail about the various duties, and he will see to it that council receives a copy of it. Mayor Keyserling said they have candidates for the positions on the Redevelopment Commission, Housing Authority, and open positions on the Zoning Board of Appeals and Election Commission for which interviews will be scheduled.

PRESENTATION: TOURISM DEVELOPMENT ADVISORY COMMITTEE (TDAC) WILL PRESENT THE COMMITTEES FY 2010 ACCOMMODATION TAX GRANT (ATAX) RECOMMENDATIONS

Jeff Evans, TDAC Chairman, distributed a list of what has been allocated to which organizations for the last 6 years. He said the applicants this year have been making an attempt to meet the criteria; those that can't, have not applied. The Performing Arts Center at USCB, which replaced Beaufort Performing Arts, and the Beaufort Film Society are new.

Mayor Keyserling asked how many visitors this amount of funding accounts for. Mr. Evans said last year, the amount of money represented about 50% of the requests for funding and this year it was closer to 60%. Mayor Keyserling rephrased his question: if these dollars are meant to bring in people from elsewhere, how were they invested and who did they bring? **Carlotta Ungaro** said the Chamber of Commerce web site tracks who has requested information from outside the area. **Bob Moquin** said part of their request is to get the licensing renewed for a zip code counting machine. He said no organization can quantify the number Mayor Keyserling is asking for. The Star Report is an independent third party occupancy report – almost 90% of the hotels subscribe to it and report their numbers. They get a monthly report as a “directional indicator.” They will be getting weekly and daily numbers in future. They are also going to survey and partner with USCB during events to get those numbers. Main Street Beaufort used USCB, Councilman McFee said; **Lanelle Fabian** said volunteers with clipboards have asked people their zip codes at a festival and during a run, and license tags were noted during Taste of Beaufort.

Mr. Moquin said the most visited web site traffic is for dining and lodging, which are attributable to ATAX and HTAX. Mr. Evans said he'd asked Jim Westcott if they were spending more on the web site than on printing the guide books, and he was told they are slowly cutting

back from the press run. Councilman McFee asked if there were an industry movement away from printed guides; Ms. Ungaro said Myrtle Beach has dropped theirs, and they are considered the cutting edge. Ms. Fabian said they can track who is getting the message about Beaufort by where they run ads and the calls they get the week following the ads' running.

Mayor Keyserling said last year they discussed all of the organizations working together more seamlessly. Ms. Ungaro said Main Street Beaufort and Chamber of Commerce billboards work together. Ms. Fabian said her organization doesn't do a guidebook, but they have a small amount to do branding for Main Street Beaufort; they were told their logo is "a little stale." The Chamber of Commerce branding will be used to complement Main Street Beaufort's. They are using similar fonts and colors in their logos. Ms. Ungaro said that she hasn't seen anything that the Black Chamber of Commerce has printed. Councilman Sutton asked how the three books look together. Councilman Sutton asked for a professional recommendation from the Chamber of Commerce on these. Mayor Keyserling said the idea is that if someone sees Beaufort twice on guides at a visitors' center, it doesn't appear redundant.

Mr. Moquin said the Arts Council didn't apply for ATAX money because they want to do video content and are going to work with the Chamber of Commerce on that. He said the Chamber of Commerce incorporated what they want to do with what the Arts Council wants to do. Ms. Fabian said in "Destinations" magazine, the groups are all having smaller ads, so since last year some of them have shared a page.

Councilman McFee said he'd still like to see the Black Chamber of Commerce more involved with the Chamber of Commerce. Councilman Fordham expressed concern about having a Black Chamber of Commerce and requested that he be told why they have a Black Chamber. Ms. Ungaro said any non-profit can set up, and the Black Chamber of Commerce has the members, and that's why they exist. Councilman McFee said there's no exclusivity based on race to joining the Black Chamber of Commerce. Ms. Ungaro said both organizations share common interests. She added that the Black Chamber advertises mostly in black publications, and the Chamber of Commerce pulled out of that so there would be no duplication of markets.

Councilman Sutton said he feels similar concerns to Councilman Fordham's and he doesn't like seeing that the Chamber of Commerce doesn't market to a segment of society because the Black Chamber of Commerce does. He feels Beaufort should be marketed to *everyone*. He feels that's an issue that needs to be dealt with at some time.

Councilman Sutton said he noticed that there wasn't a line item for the Visitors' Center. Mr. Moquin said they didn't identify the dollars as city-specific; the requested dollars are for marketing. Ms. Fabian said last year's application listed different grants one could apply for, so both Main Street Beaufort and Chamber of Commerce had multiple grants, but this year they each "lumped it all together."

Councilman Sutton said there needs to be quantification of what's been done with the past money, or they need to be weaned off this funding source. Mr. Evans reiterated that applicants

have tried to comply with requests to show how the money was used, more so than in the past. Councilman McFee said there doesn't appear to be a way to track the numbers for 2009, while the Star Report will show the numbers for the future. Mr. Moquin said he had met with city staff, and he offered to share the report in the future.

Ms. Fabian said the ATAX dollars for Main Street Beaufort are used for marketing Taste of Beaufort and the Beaufort Shrimp Festival and for destination advertising. Mayor Keyserling asked if they make less money than they spend on the two festivals. Ms. Fabian said they make money on both of them. Mayor Keyserling said Main Street Beaufort has several functions, including economic development, and parking money will put them well over \$100,000. Ms. Fabian broke down where the money the organization receives is spent. The 15% of parking revenues they'll receive is for local/regional advertising, i.e., to remind people in Hilton Head to come to Beaufort. \$40,000 has always been operational funding. She said it's proven that people come for events, so they have added a staff person to manage events, and Ms. Fabian can work on the other three points of Main Street's four-point mission. Their overall annual budget is \$350,000.

Mayor Keyserling said he is concerned that so few businesses are open on Bay Street on Sundays. Ms. Fabian said the Bay Street businesses aren't open on Sunday because they are family-owned businesses and don't want to be open on Sunday, though she added that 50% are open on Sunday. Mayor Keyserling said his concern is that Waterfront Park brings people downtown on weekends and then there aren't many stores open.

Councilman Sutton asked about Historic Beaufort Foundation's request and was told it was for advertising home tours, which bring people to Beaufort. Mayor Keyserling asked Mr. Evans to describe their new model. Mr. Evans said this is the first year they have done this kind of thing. He said Bonnie Hargrove had pointed to the amount of oversight from USC in Columbia which ensures that the money goes where it's allocated. They are trying to promote their season outside the area. They were given less money than last year because the committee wanted to see how their first year went. They're working on a program to bring a satellite feed of the Metropolitan Opera into the Performing Arts Center, which only 30 communities have, in order to bring in new patrons.

Councilman Sutton asked when an entity asks for funding for marketing and they are given less than 25% of what they ask for, what can they do with that much less than what they have budgeted. Mr. Evans said organizations are rarely if ever funded at 100%, so some organizations ask for more than they need. Councilman Sutton asked if they're getting any closer to quantifying the tangibles of print ads, for example. He wants to know if there's a paper trail for ads that are run in the newspapers, etc.

Mr. Evans said they had had a compliance meeting to ensure that grant recipients spent the money where they said they did. Councilman McFee said TDAC is doing an audit process, in essence, and if they don't qualify as a non-profit, they can't/won't apply. Councilman McFee clarified that he wants to know that TDAC is "looking at the books." Mr. Evans said there were

some discrepancies between real and projected incomes from last year to this, and they're looking for "less rosy" projections for next year. Ms. Hughes said the change in the process and application format is more of a focus on performance, i.e., did you do what you said you were going to do? TDAC spent a lot of time on pre-application compliance and changing the application so applicants have to present a copy of their audit. Mr. Evans said everyone agrees that they need more data than has been had in past years; everyone sees the reality of the requirements this year. Mr. Moquin said other grantors have the program take place and then reimburse for costs after it's completed.

Councilman McFee said compliance is moving in the direction the state requires and toward what council wants to see. Ms. Ungaro said the tax collections for the state were reported a few weeks ago and only Beaufort was up 5% and that's with graduation numbers and attendance down, "so they must be doing something right."

Mayor Keyserling said he thought that last year's notion was to wean off the Lowcountry Tourism Commission as being somewhat redundant. They asked for \$16,000 this year and are getting \$12,500. Mayor Keyserling asked why. Councilman McFee said they're partners. Mr. Evans said they were the only organization that has in the past had 100% of their grant request granted. Councilman McFee said they want to see a continued partnership.

Councilman Sutton said last year there was discussion of looking at how event-only propositions should be restricted to a certain number of years if they can't get their organization running. Mr. Evans said for one-time annual events, they all realize that the goal *should* be to produce them on a self-sustaining basis. Ms. Fabian asked if they meant production of the events or marketing. Mr. Evans said both. Ms. Fabian said they only use their ATAX money for marketing; production money comes from elsewhere. Councilman Sutton said if an event comes up, and this is their sole source of funding, he's concerned. This should be seed money to get them started and then they grow; he doesn't want events to come in and "slice the pie thinner" if they can't be self-sustaining.

Mr. Evans said they "have a ways to go," but they have made strides with what the state requires. Mr. Dadson said applicants are leveraging because of the economy, compliance meetings, letters from the CPA or audit, "and more performance stuff is encouraging the right direction," which he feels is "groups leveraging off of each other." Councilman Sutton asked about the infrastructure this money goes to as the city branches out and the base increases. Mr. Dadson said ATAX dollars are being used purely for marketing leveraging. He feels the money is being used in the proper context. He went on to say that the state legislature never has any intent but to benefit the homeowner who votes. He thinks the city balances it well, and the groups do as well as they can to leverage the marketing opportunities available.

CONTINUED DISCUSSION REGARDING WATERFRONT PARK FEES AND SPECIAL EVENTS POLICY

Ms. Burgess presented a comparison of the last few events in Waterfront Park in the past vs. what they would be if the city went to an hourly rate for its rental. Mayor Keyserling calculated that in the past it's amounted to \$15-25 an hour. Mr. Dadson said when these folks come in and

pay that little, they will rent the park because the private market will be charging the rates on the bottom of the list. Demand is created for the space because it's so inexpensive. Mr. Dadson said the point is exclusivity vs. non-exclusivity. Wedding chairs create a barrier. He feels council should encourage those things that invite people into the park. If someone wants to use it exclusively, the cost needs to make it worth it to give up public use of the whole park. He added that there's also the matter that no one wants to discuss of the two major festivals that take up the whole park. Mr. Dadson said they need to recover risks, costs and exposure. The fee structure should be based on what they want to do with the park.

Mayor Keyserling said his opinion has been turned around on the matter of destination weddings because of their economic impact. The wedding parties and guests stay in Beaufort "and consume." Councilman Sutton said he supports the weddings in the park but not the concept of renting the whole park just because someone wants to. If they want to rent it, they can use the pavilion and the little garden space, which seems like it fits. He doesn't want to exclude the park's use for weddings but he doesn't want to make the whole park available. He knows the fees are too low now but doesn't necessarily know the right numbers.

Councilwoman Beer said she feels sure that 99% of the people will pay the money to get the space and get vendors from elsewhere. Mr. Dadson said they need to price it so they're not undermining the private competition but creating incentives that get people to come to Beaufort, spend the night, eat, etc. He said they need to narrowly define the exclusive space, then "charge it up," and "narrow the time scope."

Councilman Sutton said the park has 4 different potential rent zones for events. Mr. Cook said there was one request for "the big green space," and they moved that event. Ms. Burgess said they originally asked for Green Area 2 and then the planner said they wanted Green Area 1, where they ended up in a big tent. Other than that, no one Ms. Burgess knows of has requested it.

Mr. Dadson asked if they could get the price up, a maximum time for the wedding, and a particular spot where it can be held. Mayor Keyserling asked if someone on staff could get with the wedding planners and come up with parameters. Mr. Cook said planners need 2 hours to set up and 1 hour to take it down in addition to wedding and reception time. Mr. Dadson said they need to define / confine where is appropriate in the park to have an event. If they don't like being in the pavilion, they can go elsewhere. Mayor Keyserling said his inclination is to allow nothing east of the amphitheater, which will be out of the way of foot traffic. Councilman Sutton said some people use tents for climate control and the beauty of the tent; there's no climate-controlled building in the park. Councilwoman Beer said if the wedding is in Waterfront Park for the beauty, they won't want a tent. Councilman Sutton said times are important, too. Mr. Dadson said they're marrying in a public spot. Planners can engage the private side on the other days and times. If it doesn't work, they can get married elsewhere. Councilman McFee said they have to look at the professionals to see how long it would take. Mr. Dadson said they can price their blocks of time, and this will control the exclusivity. Councilman Sutton said he feels it should be confined to just the amphitheater "and the little circle."

Mr. Cook handed out the most recent changes to the policy on special events. In the original draft, there was a \$10,000 fine for environmental damage. He took that out and replaced it with a provision that if the city were fined, the city would be held blameless and the event organizer would reimburse it for all fines that are incurred. Ms. Fabian said Main Street Beaufort has added into their rules for festivals that if they have a violator, they'll immediately refer them to the city. There was general agreement to Mr. Cook's change.

Mr. Cook wanted to know if the city wanted to exclude any vendors from being admitted to an event. Councilman McFee said safety, health and welfare issues are the city's responsibility. Mr. Dadson said the city should have final say. Councilwoman Beer said she thinks event organizers should have final say except in the cases of safety, health and welfare. Mayor Keyserling said the issue arose because of timeshare vendors; the organizer wanted them there because they could make money off the vendor. Mayor Keyserling said what happens in the festival should be the festival's responsibility. Mr. Cook confirmed that council wants to limit it to the reserving the right to exclude those vendors that are contrary to safety, health and welfare. There was general agreement.

EXECUTIVE SESSION

On motion of Councilwoman Beer, seconded by Councilman McFee, council voted to move into Executive Session pursuant to Title 30, Chapter 4, Section 70(a) (2) of the South Carolina Code of Laws to discuss contractual matters. The motion was approved unanimously.

Councilwoman Beer, seconded by Councilman Fordham, made a motion to come out of executive session and resume the council work session. The motion was approved unanimously.

ADJOURNMENT

There being no further business, Councilman Sutton made a motion, seconded by Councilman McFee, to adjourn. The motion passed unanimously and the meeting was adjourned at 8:00 p.m.

ATTEST: _____
IVETTE BURGESS, CITY CLERK