



CITY OF BEAUFORT
1911 Boundary Street
Council Chambers
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070

REDEVELOPMENT COMMISSION AGENDA

November 15, 2016

PLANNING CONFERENCE ROOM – 1ST FLOOR
1911 BOUNDARY STREET

7:00 P.M.

I. CALL TO ORDER

II. REVIEW OF MINUTES

September 20, 2016

III. NEW BUSINESS

Redevelopment Commission Structure – Bill Prokop and Deborah Johnson

Redevelopment Fund Budget Report – Bill Prokop

Downtown Marina: Role of the Redevelopment Commission – Bill Prokop

IV. INITIATIVE UPDATES

Economic Development – Stephen Murray

Infill – Mike McFee

Downtown —George O’Kelley

Boundary Street—Billy Keyserling

Codes & Regulations—Phil Cromer

VI. PRIVATE AND PUBLIC PROJECTS IN PROGRESS

VII. ADJOURMENT

NOTE: IF YOU HAVE SPECIAL NEEDS DUE TO A PHYSICAL CHALLENGE, PLEASE CALL IVETTE BURGESS 525-7070 FOR ADDITIONAL INFORMATION

STATEMENT OF MEDIA NOTIFICATION

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

A meeting of the Beaufort Redevelopment Commission was held on September 20, 2016 at 7:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Vice Chairman Mike Sutton and Commissioners Billy Keyserling, Mike McFee, Phil Cromer, Stephen Murray, Steven Green, and Frank Lesesne, and Bill Prokop, city manager. Chairman Jon Verity and Commissioner George O'Kelley were absent.

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

Vice Chairman Sutton called the Redevelopment Commission meeting to order at 7:00 p.m.

MINUTES

Commissioner McFee made a motion, second by Commissioner Murray, to approve the minutes of the August 16, 2016 Redevelopment Commission (RDC) meeting. Commissioner Cromer said on page 6, in the third paragraph from the bottom, Commissioner Keyserling's reference to the old Western Auto parking lot should indicate that it is on Scott Street, not West Street. **The motion to approve the minutes as amended passed unanimously.**

LADY'S ISLAND TRAFFIC STUDY UPDATE

Mr. Prokop said the consultants on the traffic study will discuss what they are looking at in the study and ask the public for input on "any other concerns" at a meeting at 6 p.m. on September 29 at Lady's Island Middle School. He said the hope is that the study will be completed by the end of November.

Mr. Prokop said Harris Teeter had done its traffic study; traffic coming from Fripp Island into town was 4,900 cars per day at the "high traffic count times." 1,900 cars were counted going from the Woods Bridge toward Fripp Island at high traffic times; 1,600 cars were counted going from McTeer to Sams Point Road at the same periods, so the traffic was "almost double coming from Fripp" into Beaufort "than there was going north," he said. Vice Chairman Sutton said he'd be interested in the numbers from "Sams Point (Road) going to Lady's Island." Mr. Prokop said the traffic study would show that.

DON RYAN CENTER FOR INNOVATION PARTNERSHIP PROPOSAL

David Nelems, the executive director of the Don Ryan Center for Innovation (DRCI), said the center is a business incubator that began about 4 years ago as a partnership between the Town of Bluffton and Clemson University. Clemson saw that in South Carolina, unless municipalities were in the "I-26 corridor" (e.g., Charleston, Spartanburg, etc.), they needed more economic diversity and help with economic development, so they came up with "a franchise incubator system to work with municipalities around the state." Their idea, Mr. Nelems said, was to seed 5 to 7 of these incubators, and Beaufort County was not even considered initially. Since then, Bluffton has "become the most successful of the 5 incubators in the system right now": 28 companies have gone through the program, he said, and have created 88 jobs in Beaufort County; their total payroll is about \$5 million, and they have annual revenues of over \$25

million. According to a survey of these businesses, about 42% say they will hire again in the next 12 months, Mr. Nelems said.

The DRCI program is for early-stage companies, Mr. Nelems said. They don't have to be tech companies, just innovative. There are from 5 to 9 companies in the program at any given time. It is structured to work with innovators, he said, whether they have only an idea or are a little farther along; it works with each of them to give them what they need (e.g., mentoring, resources, advice, etc.).

Commissioner Murray said the Beaufort Digital Corridor is specifically tech-oriented. A partnership with the DRCI would "offer a complementary project" to "help capture" those who are "creating innovative products or services" that are not in technology. This would be "a satellite office" of the DRCI, housed in the old museum space in City Hall. Commissioner Murray said responsibilities were listed on the second page of the handout he'd given to the commissioners, and for the city, they include upfitting the space, providing equipment – including computers – and providing some staffing support, "at least initially." There would be "a pretty reasonable agreement for funding to start the relationship," Commissioner Murray said. Participants in Beaufort could go to Bluffton to take advantage of their programming, as well.

Commissioner Murray said the proposal is for a 3-year commitment, with council "having to accept and fund (the program) on an annual basis," and with either party being able to terminate the agreement "within 90 days of written notice." The initial fee the city would pay the DRCI would be \$7,500 "to help cover marketing fees," he said, plus the upfit costs. The city would pay the DRCI \$1,250 when "a Beaufort-based entrepreneur is accepted to the program," and then an additional \$1,250 when (s)he graduates from it, Commissioner Murray said. He asked the RDC "to enter into a partnership with the DRCI and authorize the city manager to formalize this agreement . . . into a contract to get going."

Commissioner Lesesne asked the criteria to get in the program. Mr. Nelems said there are no hard and fast criteria. The focus is on innovation. The process begins when innovators contact the DRCI; they're screened on the phone about what they are doing and how much they have done. If they pass that screening, they are brought in for "a pitch session" with Mr. Nelems and some "business mentors." After the pitch session, he and the others who were in the session talk about the innovator's idea, and mainly, if it can generate jobs in the region. The mayor and town council have not insisted that the businesses be Bluffton-specific, Mr. Nelems said. Instead, they look at whether it is good for the region, if "the fit (is) good for them and for us," and if the people running the company are the right people to be running it.

Mr. Nelems said innovators pay \$200 a month to be in the program, which they are in for a year to 18 months. Commissioner Murray said three DRCI grads are operating in northern Beaufort County: Greenbug, Joe Loves Lobster (Rolls), which began as a pushcart operation, and Taylor Offshore on St. Helena (a rigging system for catching large fish).

Vice Chairman Sutton asked about the City of Beaufort's costs. Commissioner Murray said the fee per entrepreneur would be \$2,500 total, if they graduate, which is paid by the City of Beaufort from the RDC budget. Commissioner Murray said there will not be "a flood" of innovators; the initial goal is to get 3 to 5 innovators into the program in 12 months, and the per-person cost to the city would be split, with the second payment to the DRCI for each graduate of the program taking place "in the next calendar year" after the first payment. Commissioner McFee asked if the reciprocal relationship allows Bluffton people to work in the Beaufort center, too. Mr. Nelems said yes, "it's all Beaufort County" to him.

Commissioner Green said most of the DRCI "clientele is (in) innovation," but he asked if the DRCI would work with people who don't necessarily have new ideas but "are new coming into the business world." Mr. Nelems said they could be in the program if they are "doing an old thing in a different way," like Taylor Offshore. Though 28 companies have been enrolled in the formal program, 67+ have come in because they "need some advice," he said. Even if someone is not the right fit for the DRCI, he will point him or her in the right direction. They try to help every innovator, Mr. Nelems said. Some organizations come to him but just aren't ready, so he'll tell them to come back in 6 months when they're better prepared for the formal program.

Commissioner Keyserling said there are "a lot of small, underperforming businesses" in Beaufort (e.g., minority contractors) who are uncertain "how to navigate the system" (e.g., meeting federal guidelines to bid on a contract). The Black Chamber of Commerce is "also setting up an entrepreneurial-related program," and Commissioner Keyserling feels that program, the Beaufort Digital Corridor, and the DRCI need to "make sure that we complement" one another. He feels "one of our biggest missed opportunities is helping existing businesses." Mr. Nelems said the DRCI has monthly educational sessions that are open to the public – not just to those in the program – on a variety of topics. The DRCI is not in competition with any other incubators, he said; they all work together, because what's good for one is good for all of them.

Mr. Nelems said the program is "intense." The innovators have a target date for graduation and a goal that they want to accomplish by then. The program breaks down that goal into steps using an online project management system, so everyone can see where the innovators are and aren't performing well.

Mr. Prokop said the Beaufort Digital Corridor will be getting started and will provide opportunities for tech businesses; TWEAC (Transitional Workforce Educational Assistance Collaborative), he told Mr. Nelems, is also in City Hall. They have also been hearing that people have small businesses and need help to learn to run them, he said, so the city wants to be able to provide resources for everyone who wants help starting "a career, a product, or a company."

Mr. Nelems said just because someone is in the incubator doesn't mean they will graduate from it and "be a huge success." He added that the DRCI also has relationships with universities and can pull from them for resources.

Vice Chairman Sutton said the RDC would need an idea of what the next steps are because of its budget and the proposal for an agreement to expend funds.

Commissioner Lesesne asked if it might be possible to find grant money to “support” paying the \$1,250 fee to the DRCI when each innovator enters and graduates from the program. Commissioner Murray said he thinks that’s “possible,” but he feels the DRCI and its “board (are) being very generous with us.” It’s “a small investment amount” out of the city’s \$19 million budget “to try out the relationship,” Commissioner Murray said. The \$7500 is “basically a marketing fee to help promote the new relationship, but David’s time, (and) some of the resources they have that we’ll be able to use, there’s really no cost to the city for us to start that relationship.” He thanked Mr. Nelems and the board of the DRCI for “being willing to entertain this offer.”

Commissioner Murray suggested that the return for the city in the “long view” could be made by considering what the graduates of the DRCI program in Bluffton have done and what that could mean for the City of Beaufort in revenue from business licenses, “in addition to the payroll impacts.” There would be many benefits from creating “15 or 20 jobs out of this,” he said.

Commissioner Murray made a motion for the RDC to enter into a partnership with the DRCI and authorize the city manager to formalize and enter into an agreement based around the terms presented to the RDC. Like the Beaufort Digital Corridor, “the funding would have to be a separate line item,” Commissioner Murray said, through the RDC or council, once the agreement is formalized with the DRCI. **Commissioner Lesesne seconded the motion.**

Vice Chairman Sutton said it’s “brand new business to do one motion to move it forward and fund it, all at the same time,” and he finds it “pretty fast-track,” which he said he is okay with for purposes of discussion. The commission needs to find out what the parameters of the agreement are first, he said. The RDC hasn’t had a budget presentation “in recent history,” so they don’t know if the commission has the money to fund this *and* the Beaufort Digital Corridor. Commissioner Keyserling said the commission could approve this “with a caveat that the agreement has to be brought back to be approved by council,” which is what council does when it authorizes the city manager to negotiate something.

Commissioner Murray said the city manager has been authorized to finalize the terms of some contracts (e.g., with The Greenery and with Beaufort Digital Corridor) “at his discretion” once council “vet(s) the terms.” Vice Chairman Sutton said, “Council did the funds” for the Beaufort Digital Corridor “as a separate issue.” There are “two layers,” he said: “an agreement entered into with a group to do the innovation process, based on a formula that requires funding.” Therefore, the funding mechanism needs to be “voted on by council to approve it.”

Commissioner McFee said the RDC presented the Beaufort Digital Corridor project to council “as a consent agenda item,” council “voted on it with a component regarding the cost,” and the money came from the redevelopment fund in the city’s budget, based on the RDC’s

recommendation to proceed with the project. He said he believed the agreement with the DRCl should be handled the same way.

Commissioner McFee said the commission's approval would authorize the city manager to enter into the agreement, and to "present it to council for approval and budget support." Commissioner Murray said that's not the motion he made. Vice Chairman Sutton said he doesn't think that funding this project can be a part of the motion. Commissioner Murray said the "funding would come out of (the city's) redevelopment funds," which the RDC needs to "release." Commissioner Cromer asked if there is enough money in the RDC's budget to fund both this project and the Digital Corridor. Mr. Prokop said this project could be done "within the budget we have, with no additional funding." **Commissioner Murray withdrew his motion and Commissioner Lesesne his second.**

Deborah Johnson said the Beaufort Digital Corridor funding "was approved as part of the final budget by council," so "it was a timing issue," because council knew when it approved the FY2016-17 budget that the funds for the Beaufort Digital Corridor were "part of the RDC line of the budget." This project with the DRCl, Ms. Johnson said, is outside of the budget cycle, so it's different, "even though the money is there." Vice Chairman Sutton said because the RDC has not had a presentation about its funding, he doesn't know what the impact would be on the RDC budget if this money were moved out of it.

Commissioner Murray made a motion for the RDC to enter into a partnership with the DRCl, and for the city manager to formalize a contract and bring it with a budget request back to the RDC at its next meeting for approval. Mr. Prokop clarified that "a budget request" would not mean that any additional funds would be requested, but that the budget would be explained. Ms. Johnson said that the motion is asking for an "approval of expenditure," and Commissioner Murray and Vice Chairman Sutton agreed. **Commissioner Lesesne seconded.**

Commissioner McFee asked if "the alliance is with the RDC or the City of Beaufort." Commissioner Murray replied, "the RDC," but Commissioner McFee said, "Technically, I think it's with the City of Beaufort," because the DRCl would "be housed in the city's offices," not the RDC's, so the City of Beaufort legally has to be the entity "in negotiations" with the DRCl. The commission "encourages" the city to enter into the agreement, he said. Vice Chairman Sutton agreed that the RDC "doesn't control" the use of City Hall, and the agreement is about leasing space to an entity. Commissioner Murray said the funding for this is to come "out of redevelopment funds." There was a general discussion about this among some of the commissioners. Commissioner McFee said, the RDC "is a commission within the city," but "the city's providing the space," and is "technically (entering into) the alliance, not the RDC." There was a general discussion of the legal and technical considerations with such an agreement/a lease. **Commissioner Murray withdrew his motion and Commissioner Lesesne his second.**

Vice Chairman Sutton passed the gavel to Commissioner Lesesne and **made a motion that the RDC request that the City of Beaufort enter into an agreement with the DRCl to manage the program, which would be housed in City Hall and funded, as outlined in the presentation,**

with RDC funds. Commissioner McFee seconded the motion. The motion passed unanimously.

Commissioner Cromer asked if the RDC has “standing” now; Commissioner McFee said, “We are not a stand-alone corporation.”

INITIATIVE UPDATES

Economic Development

Commissioner Murray said he’s the acting chairman of the Beaufort County Economic Development Corp. They have met three times and will meet again tomorrow. They put out an RFQ out for a facilitator to look at \$250,000 worth of economic development studies they have that were done in 2010 and 2011, and to interview elected officials, then “recommend . . . structure and a path forward.” They have received 11 responses from around the country, he said. They will now identify one of them to be the facilitator.

Beaufort Digital Corridor renovations are underway at 500 Carteret Street, Commissioner Murray said. Interviews for the Beaufort Digital Corridor manager have been taking place for a couple weeks.

Mr. Prokop said that Beaufort Digital Corridor received a \$150,000 grant from Hargray Communications. He said the city has reestablished a relationship with Hargray, might get Wi-Fi sponsored by Hargray for Waterfront Park, and received this grant, which will cover “almost the entire cost” of “fixing up” 500 Carteret Street. Beaufort Digital Corridor is also applying for a \$25,000 grant from the Municipal Association of South Carolina. Mr. Prokop said **Ernest Andrade** would be going to the county to explain what the Beaufort Digital Corridor is doing and to look for other funding sources for it.

Commissioner Cromer asked about innovation grants at Commerce. Commissioner Murray said he’s talked to someone there, and they anticipate hearing from that department in the fall. The pot of money has been slashed, Commissioner Murray said, but “we’ll take what we can get.” He added that Mr. Andrade has a good relationship with Commerce.

Since the Beaufort Digital Corridor space isn’t open yet, Mr. Andrade feels like they should take time finding a manager, and the applications keep coming in, Commissioner Murray said; they’ll probably hire a director within the next month or so.

Infill

A letter went to all the property owners in the Duke Street initiative area with updates about incentives, encouraging the recipients to contact the infill subcommittee members with questions, and an invitation to come to the “War Room,” Commissioner McFee said.

The Beaufort Housing Authority project began in August and includes the park and painting their buildings along Duke Street. The partnerships in this project are expanding, and Commissioner McFee listed them. The subcommittee members continue to meet with private

property owners in the area to educate them about incentives, he said. Site prep work will be done through this weekend at Duke and Church Streets, Commissioner McFee said, and later in September and October, there are plans “to stabilize the park,” and major plantings will be done in November.

Ms. Johnson said this is “a very small project,” but it has brought many people together, including city staff, “to make it happen.”

Vice Chairman Sutton asked about the 707 Church Street house, and discussed a new homeowner on Duke Street who wanted to know when the street would be cleaned up. Ms. Johnson said the individual conversations they have had have lead to people committing to doing things with their properties. The property next to Beaufort Housing Authority and one behind it are being cleaned up by Water’s Edge Church. “A lot has already happened” on Duke Street “since we started tracking it,” she said. Commissioner McFee agreed and said he believes Duke Street will be “the benchmark” they must meet to move to other streets in the Northwest Quadrant, so he’s “very encouraged.” He said most of this work is being done through private investment, with partners investing “in their own property and the other properties in the area.”

Downtown

Vice Chairman Sutton said the *Beaufort Gazette* had published a drawing of **Dick Stewart’s** plans for a hotel downtown. He thinks the RDC needs to keep up with such projects.

Boundary Street

Commissioner Keyserling said the Sea Eagle Market is “making progress.” He hasn’t heard from the county about whether it is going to use the United Way building; Mr. Prokop said they definitely are. Vice Chairman Sutton said they will be using a building that was supposed to be torn down to make a viewshed.

Mr. Desai got the permit for his new hotel, Commissioner Keyserling said, and “another party” called “inquiring about the Taylor Motors lot.” He discussed the size of the lot and its ownership.

Codes and Regulations

Commissioner Cromer said the meetings about the new development code with “the developers and their attorneys” are complete, and next the contractors and the neighborhood associations will look at a draft of it. Mr. Prokop said **Walt Nester**, the developers’ attorney, was very helpful “to us and to them.”

Mr. Prokop said the business license system is “going live.” It’s being tested and should be ready for payments online by the first of next month.

Obtaining permits at this point takes 15 to 37 steps, Mr. Prokop said. The city is “paying Munis” to upgrade the permitting system and make it simpler, and “we’re looking at full automation of

the whole process of all permitting and applications,” he said.

PUBLIC AND PRIVATE PROJECTS IN PROGRESS: JULY 1, 2016 TO PRESENT

Ms. Johnson said the current list shows public and private projects in the third quarter of 2016. There is “quite a lot going on,” she said, some of which she described. Bay Street is changing a lot, Ms. Johnson said, but because it’s in “a transition,” not because of “issues.”

Commissioner Murray pointed out a county project on the list, and Ms. Johnson said she would remove it.

Vice Chairman Sutton said Best Buy is going out of business at the Cross Creek Shopping Center. Commissioner Keyserling asked if the Butler relocation is in process. There was general discussion about this.

Commissioner Murray made a motion, second by Commissioner Cromer, to adjourn the meeting. The motion passed unanimously. The meeting ended at 8:17 p.m.