



CITY OF BEAUFORT
1911 Boundary Street
Council Chambers
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070
REDEVELOPMENT COMMISSION AGENDA
January 9, 2014

PLANNING CONFERENCE ROOM – 1ST FLOOR
1911 BOUNDARY STREET

5:00 P.M.

I. CALL TO ORDER

II. REVIEW OF MINUTES

December 5, 2013

III. REPORTS

A. Lafayette Street Update

IV. DISCUSSION ITEMS

A. Marina Development Update – Historic Marina Partners, LLC, Steve Navarro and Jim Chaffin

Proposed Mission Statement

The City of Beaufort Redevelopment Commission has been established to renovate, revitalize, and regenerate distressed areas of Beaufort.

BRC's mission is to lead a coordinated strategy of redevelopment and design strengthening the City of Beaufort as:

- The heart of economic development for Northern Beaufort County
- A prosperous place for business and institutions; and
- An attractive urban environment for residents and visitors

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 December 5, 2013 at 5:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Chairman Jon Verity, Commissioners Martin Goodman, Mike McNally, Stephen Murray, Alan Dechovitz, Henrietta Goode, Wendy Zara, and Mike McFee.

Keith Waldrop was 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.

Chairman Verity called the meeting to order at 5:00 p.m.

MINUTES

Commissioner McNally said that in regard to the Executive Session, after the motion to go into the session was passed, as the chair of the meeting, he advised the public that the Redevelopment Commission would reopen the session to public comments. (Recorder's note: This was not picked up on audio recording nor is it the recorder's recollection.) After the Executive Session was closed, Commissioner Murray seconded Commissioner McFee's motion to resume the public session, but there was no one to report to when they looked out into the City Hall lobby. **Commissioner Dechovitz made a motion, second by Commissioner Murray, to approve the minutes of the November 7, 2013 RDC meeting as amended. The motion passed 6-0.** Chairman Verity and Commissioner Goodman abstained from voting because they were not present at the meeting.

LAFAYETTE STREET UPDATE

Commissioner McNally said he had had a meeting with **Eric Brown**. Mr. Brown has had several issue getting permits; they modified the application to have one entrance and DOT approved it, but then DOT wanted to know where the nearest speed limit sign was; they "expect DOT approval any day now." Commissioner McNally said **Libby Anderson** is working with Critical Lands Management group. Ms. Anderson said yes, they had sent out a letter about drainage, and they said they could plan for permits. Mr. Brown said the house plans are ready to be submitted for review.

Commissioner McNally asked Ms. Anderson about whether Mr. Brown could submit the plans now and have Building Codes reviewing them. Ms. Anderson said Mr. Brown could start on a unit without having to go through approval for the whole subdivision. Ms. Anderson said they don't need to deal with DOT in regard to the access right now. Commissioner McNally said they have to deal with streetscape issues right now with the city.

NEWSPAPER ARTICLE IN GAZETTE ON DECEMBER 1, 2013 RELATED TO MARINA DEVELOPMENT

Bill Harvey, city attorney, said he had reported to the *Beaufort Gazette* and to WTOC news that

the Redevelopment Commission solicited letters of interest from marina developers, and “all of that was done in the context of pending contracts and was done properly.” The announcement and selection of a developer “couldn’t be done in a vacuum,” Mr. Harvey said, so they had a “memorandum of understanding that surrounded the selection of the developer.” They spent a number of weeks dealing with the contract negotiations and all legal advice was properly done in Executive Session, Mr. Harvey said.

As to the question of the Executive Session that was held after the November 7, 2013 regular Redevelopment Commission meeting, Mr. Harvey said “no decision was made”; the Redevelopment Commission decided that council would take it up first, and then Redevelopment Commission met the next day after the council meeting. “Nothing wrong or illegal was done,” Mr. Harvey said by the council or the Redevelopment Commission in the selection of Historic Marina Partners. The question was whether the selection of Historic Marine Partners as the marina developer should have been announced before the contract was signed, and Mr. Harvey said it shouldn’t have been. “It was negotiated and properly done in Executive Session,” according to Mr. Harvey.

PRESENTATION: ECONOMIC DATA

Robb Wells, Beaufort Regional Chamber, said that the Chamber of Commerce is the designated marketing organization (DMO) for the city. He described what a DMO does: doing research-based marketing and applying research to their plan. They have a “segmented strategy,” Mr. Wells said, and are funded through ATAX.

He said they had done a branding study about the reasons people love Beaufort, and from this information, they came up with the “Enrichment Campaign.” He said information validates the research they have done as to travel trends. Since September 2012, there have been millions generated in publicity, i.e., the selection of Beaufort as The Happiest Seaside Town.

The Chamber of Commerce has an “online advantage,” Mr. Wells said. They “have provided visitors with engagement opportunities,” e.g., FB, Pinterest, etc. The target demographics are 55 and older, with a \$75,000 and up household income, and “appropriate MSA market penetration.”

Mr. Wells showed the top tens areas that request information about Beaufort and from which they get their leads, e.g., Augusta, Greenville, and Charlotte. Knoxville, Cincinnati, and NY-NJ are three emerging markets.

The Chamber monitors occupancy, Average Daily Rate (at a hotel, etc.) and revenue per available room (REVPAR); they also look at a “virtual guest book,” leads, inquiries, and engagement and industry standards. Occupancy is up 5% and REVPAR is up nearly 10%. Mr. Wells went on to explain what this means economically.

Mr. Wells went on to show a chart of the annual household incomes of guests to Beaufort. Package development “is very big in sustaining this,” he said. The next graph showed “how many trips are made to the area.” 26% make 5 or more trips to Beaufort. He said it shifts depending on the events they attend. The more they visit, the more opportunity there is for investment, Mr. Wells said. Commissioner Murray said it also means that the visitors’ expectations are met when they come here.

Mr. Wells showed a video about Beaufort. He said room demand is up, but supply is flat and has been for 3 years. Expansion is taking place in the downtown rooms, but they make up only 10% of the total rooms in Beaufort. Commissioner Dechovitz asked if this includes short-term rentals. Mr. Wells said yes, and inns are expanding. To further tourism development, the city needs to increase offerings, maybe through an outdoor sports initiative. They are doing a program now centered around a health and wellness offering; “you could ride a bike through Beaufort,” Mr. Wells said.

Commissioner Zara asked about a bike map that shows routes other than on Highway 21. Mr. Wells said they only have one in the visitors’ center. Mr. Wells said they have one on the web site with versions that can be downloaded to show options other than riding on Highway 21. They have introduced the Spanish Moss Trail on those maps.

Commissioner McNally asked, if he lives up north and saw an ad for Beaufort in *Southern Living*, how he would then get to the Chamber of Commerce website. Mr. Wells said it’s BeaufortSC.org. The chamber has “spent a lot of money to rank first, second or third in 52 keyword searches” in order to have an advantage, “to be the first ones at the door.” They don’t compete with Hilton Head Island or Charleston, he said. Commissioner Murray said the city site is linked to the Chamber of Commerce, which is in turn linked back to the city.

Beaufort “needs growth while maintaining authenticity,” Mr. Wells said. They also need to increase connectivity infrastructure. He said it’s not just “cute Wi-Fi,” but to “increase pipe.” Commissioner Dechovitz asked if Mr. Wells was saying that, for those who are relocating businesses, there’s not enough connectivity, and Mr. Wells said “that is part of it.” The travel trend, Mr. Wells said, is to have more connectivity.

Commissioner Dechovitz asked, out of the total demographic of tourists, what Mr. Wells could say about the average tourist downtown. Mr. Wells said the ones in the \$100 – \$149,000 range are the least likely to stay downtown. That’s 18%. Military graduation visitors don’t venture downtown for much of anything, he added.

Commissioner Murray explained where the data Mr. Wells was referring to was obtained – through a grant from ATAX to the Chamber of Commerce – and Mr. Wells elaborated on which festivals they had gathered the information at. He says that they are meeting the expectations of the “baseline,” and are “achieving enrichment goals.”

Commissioner Dechovitz said Mr. Wells seemed to be saying that Beaufort doesn't have enough interesting offerings for the \$100,000+ tourist. Mr. Wells said he "wouldn't go so far." They enjoy historical trails in that demographic; they are day-tripping, so they are not staying overnight. They stay at Hilton Head Island and come to Beaufort at a rate of 33%. They need more packages available to them. The health and wellness component will also bring them downtown. There are opportunities lacking downtown. Through their research, they hear about "sticker shock" downtown a lot, he said. The food available there is always seen as a plus, however, as is historic preservation.

Chairman Verity asked for a regular update to be given by the Chamber, maybe every 6 months, and Mr. Wells said he'd be happy to do that and invited people to ask for information whenever they would like. Mr. Wells "has partnered with so many organizations," Commissioner Murray said. The co-op advertising is allowing Fripp and Dataw to advertise where they might not be able to on their own.

MARINA DEVELOPMENT PROCESS – HISTORIC MARINA PARTNERS, LLC

Chairman Verity asked **Steve Navarro** and **Jim Chaffin** how their first day of meetings had gone. Mr. Navarro said Mr. Wells was "impressive," and Mr. Chaffin said he agreed. He said there are 5 decisions necessary to make someone come to somewhere, and he went on to describe those that motivate a visit and turn a visitor into a prospect.

Mr. Chaffin said the goal of their visit was to listen. He thinks people understand that they are looking for ideas and have not hired an architect or a planner. They have "experienced the passion" in Beaufort. They met with the Chamber of Commerce, Open Land Trust, Main Street Beaufort, and "a couple of individuals." They toured the marina with **Rick Griffin** and met with **Charles Kresch**. They said that they wanted the ideas from the groups they have met with. The marina parking lot is "psychologically and legally owned by the people who live here," Mr. Chaffin said, and if they can't add to the quality of life here, he understands that they will have nothing to do here.

Mr. Chaffin said Main Street Beaufort folks said mainly that while there is a wonderful historic authenticity that draws people to downtown, there needs to be more of a "there there." They heard over and over again about parking. The Open Land Trust people made it clear that Historic Marine Partners needs "to understand that this is where the Open Land Trust started, and this is a very, very special place."

Mr. Chaffin went on to describe the challenges Historic Marine Partners faces and their hope that people "will share their ideas and not hold back." They "have gotten pages of notes and honest feedback," he said. They need to take that feedback they have received and develop a program of what they have heard the community say about this property and the role it plays in the life of the community. He feels there is a risk one takes in not working for improvement "or

new ideas to be additive,” and leave something alone; there’s the opportunity for it to “atrophy.” He said people are concerned there will be a massive building in the place of the parking lot, but Historic Marine Partners understand that would not be good for the park or the community’s connection to the water. Historic Marine Partners needs to understand the mix of uses that everyone wants in their “experience of place.” They know it needs to be “a continuation of the park,” whatever goes there. Mr. Chaffin said he felt the sense of partnership and “that people were intellectually and emotionally honest.” He understands those who want nothing to go there.

Mr. Navarro said few people said they wanted nothing there. The concern was about the vista and the view. But he and Mr. Chaffin were pleasantly surprised that people also see the need for economic development. There was a lot of disagreement and discussion about what would be best and why among those in attendance. They know there’s not a lot of consensus, but there was a lot of conversation. Those who are most affected by change are the most concerned about what will happen, e.g., the carriage operators who will be affected economically. There was a lot of discussion about the Waterfront Park. A lot of people told him that they were initially against the park, Mr. Navarro said. Their minds were changed, though.

Mr. Navarro said they spent 3 hours talking about parking. They will not do anything in the marina lot if they can’t solve the parking issue. They realize they are taking it away from someone else, and then there are the city-based issues with parking. He said they “seemed to find real ideas.” People all had the opinion that parking was a real problem and needed to be fixed. Historic Marine Partners can’t solve that, Mr. Navarro said, but they can be a catalyst, though the public sector ultimately has to deal with it.

Chairman Verity said they are meeting with Historic Beaufort Foundation the following day in two meetings while Historic Marine Partners are here. Mr. Chaffin said there was a sincere concern about how important Beaufort is as a place, but they were encouraged by people’s willingness to listen and the understanding that they were trying to get feedback. He felt it was positive and “there was not obstructionism.” People seemed willing to listen, he said. The price of doing nothing is serious, Mr. Chaffin said, and people seem to know that. Mr. Navarro said the media is doing its job, and many people are asking throughout the state about what Historic Marine Partners are going to do in Beaufort.

BK asked if they got a sense that people are confident that what they have today commercially is sustainable. Commissioner Murray said they had merchants and tour operators in the Chamber of Commerce and Open Land Trust meeting. They were cautious and didn't want change, but the majority said there is not enough foot traffic downtown. They say that on one hand, they recognize there’s an absence of economic vitality, but they don’t want to do anything with the parking lot. Mr. Chaffin said the Main Street Beaufort meeting said *clearly* that the status quo is not sustainable; something needs to provide vitality. BK said council’s

point of view is that it is not financially sustainable as it is now. As it stands now, property taxes can't be raised, but the costs of maintaining it have gone up, as has every other cost.

Mr. Chaffin said the quality of the experience needs to grow, too, as well as the numbers of tourists. He said it would be interesting to know how many those who live 10 minutes from downtown go downtown. He said strip malls in other cities are closing because people want to go downtown.

Mr. Navarro said the fastest growing demographic is those who are attracted to Beaufort. In regard to BK's question, he said most retailers they spoke with don't feel like they have a sense of control over what BK and those in city council and management think about, e.g., the costs to keep the streets safe and clean. Most people don't think about economic sustainability like BK does. Mr. Navarro said the retailers here and the kinds of business they are doing can't afford the rents that new construction and heavy renovation would demand. If sales don't grow, rents don't grow and buildings deteriorate. He said there's a concern about economic vitality.

Terry Murray said "it's futile to just save old buildings"; there has to be economic activity in those buildings. "Everybody has to believe in economic vitality if you're living in an old town." Commissioner Dechovitz said the numbers have been flat from 2008 – 2012 in the core business area. Tourism, as measured by HTAX and ATAX, is up by 2.5 times. The merchants, he said, have added some additional businesses, but they struggle to generate revenue for their businesses, even though more people are being driven through downtown. In the meeting with the Chamber of Commerce and Open Land Trust, Commissioner Dechovitz added, it was said that the character can't be sustained if they just drive people through here who spend little amounts of money; it's better to have fewer people who spend more.

Mr. Navarro said the data has to make economic sense. There is a strong need for residences downtown, whether it's permanent residences, long-term rentals, or short-term rentals. He said he couldn't get a room downtown to stay in. There is a need for higher-end hotels in the downtown area. You need to put people where they want to be. Their activity being there becomes part of the culture, Mr. Navarro said. If retail isn't sustainable and beds are, they need to think about that. They also heard about the need for convening space for 30 – 200 people where you feel like you're in the park or on the bay. BK said they do turn away groups of 100+ in the desired demographic because they have no meeting space for them. Mr. Navarro said if they can get them downtown, they will stay downtown.

Commissioner Murray asked the next steps. Mr. Chaffin said Historic Marine Partners will continue to meet with community groups.

Chairman Verity said he'd like to move the next meeting for Redevelopment Commission to January 9. He's asked Mr. Navarro and Mr. Chaffin to look into holding another series of meetings in Beaufort and giving an update to the Redevelopment Commission at that meeting.

There being no further business to come before the Commission, **Commissioner Dechovitz made a motion, seconded by Commissioner Goodman to adjourn the meeting. The motion passed unanimously,** and the meeting adjourned at 6:20 p.m.