



CITY OF BEAUFORT
1911 Boundary Street
Council Chambers
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070
REDEVELOPMENT COMMISSION AGENDA
January 3, 2013

PLANNING CONFERENCE ROOM – 1ST FLOOR
1911 BOUNDARY STREET

5:00 P.M.

I. CALL TO ORDER

II. REVIEW OF MINUTES

December 6, 2012

III. REPORTS

- A. Finance and Residential Committee
- B. Commercial / Economic Development Committee
- C. Boundary Street Update
- D. Depot Road Update
- E. Marina Update – Next Steps

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 6, 2012 at 5:00 p.m. in the Beaufort Municipal Complex, City Hall Planning Conference Room, 1911 Boundary Street. In attendance were Chairman Jon Verity and Commissioners Mike McFee, Keith Waldrop, Martin Goodman, Alan Dechovitz and Henrietta Goode.

Wendy Zara, Pat Kase, and Mike McNally 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.

The meeting was called to order at 5:07 p.m. by Chairman Verity.

Commissioner Waldrop made a motion, second by Ms. Mapp, to approve the minutes of the November 1, 2012 meeting as submitted. Commissioner Goodman abstained from voting because he was not present at the meeting. **The motion passed 5-0.**

REPORTS

FINANCE COMMITTEE

Chairman Verity said they have had further discussions about incentives; they would like to qualify all of the incentives from the city and look at having them refined so that developers will have incentive to build in Beaufort. There is a list now, he said, which will be refined and then they will create a marketing piece for those who want to build homes or businesses in Beaufort.

COMMERCIAL / ECONOMIC DEVELOPMENT COMMITTEE

Commissioner Goodman said he was contacted by a man who is interested in starting some commercial activities at The Depot. He told him that he was going to consider what Commissioner Goodman had told him and is going to get back to Commissioner Goodman. Chairman Verity said the Rail Trail is open. They have a lease on the building there, and it's on hold for now until the Rail Trail is finished. Commissioner Goodman said he and **Josh Martin** had discussed the idea of having commercial kiosks in there.

LOWCOUNTRY HOUSING TRUST UPDATE

Michelle Mapp is the Executive Director at Lowcountry Housing Trust. Last year, she said, they entered into an agreement with the City of Beaufort and the Town of Port Royal to do administration in regard to funding projects. This is an update. She described what a community development organization is and who serves on their board of directors. She showed the staff organization and the mission of the trust. It is a financial institution, operating as a lender, Ms. Mapp said; builders and business owners borrow from them. She reviewed the impact of the organization since 2005. Their primary loan is in commercial development. They get their funding from grants and investments or loans from a variety of sources. Their goal is to leverage local government funding to access these other funds.

In City of Beaufort and Town of Port Royal, Ms. Mapp said, they closed on a loan to Lowcountry Produce this year; they have \$6 million in their pipeline which is \$23 million in commercial development potential. She described the projects this can be used for. There is dedicated staff with office hours. Ms. Mapp described the workshops they have put on. She went on to describe the clients and beneficiaries of Lowcountry Housing Trust in Beaufort and Port Royal this year. The Lowcountry Produce and Café was their first loan this year. She offered copies of the annual report and the bi-monthly report that they submit to the town and city and other materials.

Chairman Verity asked Ms. Mapp if the first year went as she expected. Ms. Mapp said yes and that they have been trying to get out into the community to let people know what they do and can do for them. They have created a pipeline. They anticipate getting three loan applications in January. The process takes longer than they had thought. They weren't able to hit the ground running, in part because of the economy, and unless the banks and other sources are lending, developers are having a hard time getting projects finished. They will close \$3.8 million in loans this year, Ms. Mapp said, so they "are getting some turnaround," but they are also doing loans themselves with the builders' equity.

Commissioner Waldrop said in regard to the loan pipeline, HUD and State Housing Finance and Development Forum has a form that shows each of the loans in the pipeline and where they are in their application. Ms. Mapp said she'd shared that information with Chairman Verity, but some of that information is confidential until approval. The Redevelopment Commission is welcome to that report, though. Chairman Verity said he would distribute that report to the Redevelopment Commission members. Ms. Mapp said only **Scott Dadson** and **Van Willis** have copies.

Ms. Mapp said they hope to be back with news on owner-occupied rehabs in the new year.

BOUNDARY STREET UPDATE

Chairman Verity said there was a general public meeting about Boundary Street with detailed plans on display. There were interested parties at the meeting who will experience an impact from the changes. Most are on the southern side of Boundary Street and are concerned about the capability of customers to enter their businesses. Chairman Verity said, "We are meeting with them." Plans are underway, so if these business owners have concerns, they need to figure out how to meet those concerns by way of turn-arounds, etc.

Craig Lewis said they are proceeding with engineering, and construction should begin in early summer; the drop dead date is in September. They are having meetings with utility companies and are meeting with property owners. The web site has all the most current information on it. Mr. Lewis said that the Boundary Street email address goes to him, and he and Julie will respond as soon as they can. They are "trying to be responsive and to get as much information out as possible." They "want to mitigate as many construction issues as possible."

LAFAYETTE STREET UPDATE - AGREEMENT

Chairman Verity said the agreement has changed, and the attachment to the agenda has the most current version. Mr. Lewis said the agreement reflects the current mortgaging environment. Chairman Verity asked **Eric Brown** if the project “still has potential.” Mr. Brown said they “ran into a bonding issue,” so they had to change wording. He introduced his partners in the project. They are “squared away,” Mr. Brown said and ready to get started. Commissioner Waldrop asked when they would break ground and do site prep work. Mr. Brown said it would be in early summer or late spring. Commissioner Waldrop asked about soil tests; Mr. Brown said as soon as the agreement is signed, they will start that. There’s a 90- or 120-day due diligence period. **Commissioner Goodman made a motion to approve the agreement and contract for sale, seconded by Commissioner Waldrop. The motion was approved unanimously.**

Commissioner McFee made a motion to approve the agreement for construction services, second by Commissioner Goode. The motion was approved unanimously.

The county has received quotes from engineering firms to do the design of Phase 2 of the Rail Trail, Mr. Lewis said.

MARINA UPDATE – NEXT STEPS

Chairman Verity said “things are moving along,” and Mr. Dadson has said they are “on pace to get things done.”

MAIN STREET BEAUFORT REPORT

Commissioner Goodman said he would like the commission “to figure out how to do a better job of getting more private investment with the public investment the city is making.” Commissioner Goodman feels like there is not the private investment that they had hoped to get. Commissioner McFee said the retreats would be a good place to discuss that. Chairman Verity described the off-site retreat.

LaNelle Fabian described some of the recent activities of Main Street Beaufort. She did an overview of what Main Street Beaufort does and what streets comprise the downtown area. She described the businesses that are in the downtown area and the staff and board organizations, board, volunteers, etc.

Ms. Fabian described Main Street nationally and within the state programs. She reviewed Main Street Beaufort’s 4-point approach. She went on to review funding sources for Main Street Beaufort. The annual budget for Main Street Beaufort is \$397,614. She described where the designated funds come from. She described the income and expenses from events. She reviewed where the income goes and said that “the majority of it goes back out to businesses.”

Ms. Fabian said at Main Street Beaufort's board retreat they had discussed what Main Street does and what it should be doing. As an organization, they listed their top priorities, and these committees will work toward those and will therefore "be more cohesive." Priorities are the day dock, reaching Hilton Head Island summer tourists, reaching travelers between Charleston and Savannah for day trips; reaching out to the 50,000+ people in the local population; getting "way-finding signs" downtown; business expansion and recruitment; and Wi-Fi downtown.

Main Street Beaufort fully supports the day dock efforts, Ms. Fabian said. In regard to reaching summer tourists, they have put an ad in a publication in the hotels between Charleston and Savannah. She showed the ad that is advertising downtown Beaufort and one in *Preservation* magazine. For the local population, they are working on "Friend memberships" and want to have membership discount cards; selling downtown gift cards that can be used at any business downtown; presentations at various neighborhood associations and at organizations; and co-op advertising with five participating merchants. There are also bags, she said that say "I shopped local in downtown Beaufort."

In regard to way-finding signs, a business not on Bay Street wants to know what they are getting, so they are working on downtown directories in the form of kiosks and brochures. They have billboard advertising as well and are working with the Chamber of Commerce to complement their billboard advertising campaign. In regard to business expansion and recruitment, "A healthy downtown is good for the entire community," Ms. Fabian said.

In regard to Wi-Fi for downtown, they have been waiting to see what Park Beaufort is doing and where various city projects stand. They are working with Hargray on Phase 1 which covers the Waterfront Park. They want to expand it throughout downtown as a benefit that businesses can offer their customers, Ms. Fabian said. They are working on a landing page which will be the Main Street Beaufort page. Their web site will become a business guide. They have the content for that. They are hoping ad sales will help to fund it.

Ms. Fabian said she has been working very hard on the application for the Great American Main Street award. The national organization gives up to five awards. This "will make it official that Beaufort is one of America's best downtowns," Ms. Fabian said. They have submitted the application and will know something in April. Ms. Fabian said money is not part of the award. She said Greenville is the only other site that has won and still uses the accolade, so Beaufort will do the same if they win.

The branding charette is moving forward, Ms. Fabian said. They have been working on it since 2009. She said there's a steering committee and described some of the members whom she said are "strong people with strong opinions." They want everyone involved in getting the *downtown* brand. There will be 6 focus groups next week. Commissioner Dechovitz asked if the people are those they wish to reach out to such as Hilton Head Island. Ms. Fabian said they have run press releases about it and have gotten good feedback. The process is quick, Ms.

Fabian said. She said the purpose is consistency in marketing materials. The group they are using has done the same work in more than 100 communities, and these are the roundtables they suggested Main Street Beaufort have. She said they “would love participation” and described the schedule of meetings.

Chairman Verity asked about Beaufort Dollars. They sold \$15,000 worth in 18 minutes in February, Ms. Fabian said, and about \$20,000 or more came back. The second time, Main Street Beaufort threatened merchants that they would not pay without receipts. There were more people here in February than there were in August, Ms. Fabian said, and “people were tapped out,” so they plan to do it again, but they are holding off “so that people don’t get so used to it that they are waiting.”

Chairman Verity asked Ms. Fabian about festival attendance; Ms. Fabian said they are “a little down but the beer guy said they’re down everywhere.” He said Beaufort did better than most. Attendance was down, Ms. Fabian said, “but the hit is shared” because they reimburse restaurants.

Commissioner Dechovitz asked about “the process that the marketing firm is using as to whether the concept that comes out of the charettes will get focus grouped” to provide “meaningful data for the groups they are attempting to serve.” He described how a focus group works after a product has been designed, going to the consumer whom the manufacturer wants to reach. When there’s a downtown concept, Commissioner Dechovitz said, they need to test it, “not against ourselves but the people on Hilton Head Island whom the city has been desperately trying to get in Beaufort.” When they see the marketing concepts, “they should respond to them,” Commissioner Dechovitz said. Ms. Fabian said the leadership and steering committees and board will look at the information. Commissioner Dechovitz “strongly suggested” that they “test it in focus groups.”

Commissioner Dechovitz said he thought that Main Street Beaufort had bought a banner ad in *Dossier’s*, and Ms. Fabian said it’s “forthcoming,” and she has spoken to a salesperson. The promotion committee has said it’s one of their top priorities for the avenues they want to hit, Ms. Fabian said, but they do not know about Accommodations Tax money yet.

Commissioner Waldrop said the Sector One master plan attempted to broach the subject of branding and consistent signs and lighting, etc. He asked if Main Street Beaufort is trying to coordinate with the city’s plans. Ms. Fabian said “definitely.” When they looked at (branding / marketing) companies, **Mayor Keyserling** and Mr. Lewis came to the meetings when the group was chosen, she said. Main Street Beaufort wanted it to be more community-wide, and then Mayor Keyserling had his summit. They want to use private sector money for promotions, i.e., real estate companies. It “began on council’s list,” Ms. Fabian said, “but worked its way off.” They sent out e-mails asking where Main Street Beaufort is in the process, she said, and “it’s been in a holding pattern.” Everyone invited to the summit has been invited to the Main Street

Beaufort roundtables. The mayor and **Robb Wells** from the Chamber of Commerce are on the committees, and Ms. Fabian named others as well. There was a press release in the newspaper, and they have been open about the need for various participants.

Chairman Verity asked Mr. Lewis about the form-based code meetings. Mr. Lewis said they “are moving forward.” They have a good plan, he said. The committee has met; there are 20 members plus staff, so they have scheduling issues. They are setting a regular schedule of meeting every two weeks beginning in January. He said it’s “been slow-going because there’s a lot of material and it’s very technical.” Commissioner Dechovitz said they had discussed a timeline of a year, and Mr. Lewis said that’s still reasonable and they will know more by March.

Review of the UDO

Libby Anderson said the request for the UDO review on this matter comes from the Metropolitan Planning Commission, and they would like input because of the Redevelopment Commission’s involvement in the day dock and water sports center projects. The applicant, **Ted Andre**, is here, Ms. Anderson said, and he has requested that the ordinance be amended to allow overnight accommodations in the preservation district in the marina. He wants to have 5 guest rooms on his boat but currently it’s not permitted by ordinance. He’s asked to amend the ordinance to permit that, Ms. Anderson said, and the Planning Commission said they would like the Redevelopment Commission’s input. If the Redevelopment Commission and council decide it’s a good idea, it can be permitted various ways, Ms. Anderson said.

Mr. Andre said he feels like this will help bring business downtown. They have been in this business for ten years. He feels Beaufort will gain as well as he will. Chairman Verity asked how they anticipate using it. Mr. Andre said they don’t serve food because there are restaurants downtown within walking distance. They have 5 king-sized rooms in their “boatel.” They had charters previously for golf, but “that’s a difficult and expensive business.” The rooms are \$175 each.

Chairman Verity asked for comments. Commissioner Waldrop asked if it was contemplated that the boat would be there most of the year. Mr. Andre said it would be there permanently; it’s a family business, “not a corporate thing.” The most room rentals will be on weekends. They are environment-friendly, he added. Commissioner Waldrop said it’s not expected that they will do cruising. Mr. Andre said they might do so to Hilton Head Island. Commissioner Waldrop said a group could conceivably rent all the units on the boat and could work out an agreement to travel. Mr. Andre said they are limited to 6 passengers in that case. They “will go for greater certification if the numbers are there.”

Commissioner Goode said she hasn’t seen the vessel, but the concept makes her wonder, “if the Redevelopment Commission did this amendment, if it would open up the same concept for everyone else” and Beaufort would end up with major hotels blocking the waterway. Mr. Andre

said **Rick Griffin** would restrict the vessels so they would have to qualify for the same limits put on Mr. Andre's business.

Commissioner Goodman said this concept seems to do well in other communities and opens up an entirely different market. He thinks it's a great idea. Other communities have done this with old tugboats, he said, and made them into B&B's with 2-3 rooms. Commissioner Goode said her concern was "with just anybody coming along." Commissioner Goodman said if Redevelopment Commission and council approve this, he asked Ms. Anderson if it would open this up to other hotels, not just on boats. Ms. Anderson said they could have a requirement, i.e., one per dock or only two in the mooring field. So other people can come in and apply for the license.

Commissioner Dechovitz asked about the Conservation Preservation (CP) districts; Ms. Anderson said they are historic cemeteries, churches, and primarily parks and open spaces. Commissioner Dechovitz asked if a church had purchased a historic building if the property would be rentable as a short-term rental. Ms. Anderson said yes, if they are Conservation Preservation. The churches have some special provisions. Commissioner Dechovitz asked Ms. Anderson if then the only issue is in the marina, and Ms. Anderson said she would check on that, but she thought yes.

Commissioner Waldrop asked if the people would mostly be boaters staying there. Mr. Andre said it brings people into the area to enjoy historic Beaufort. They have found recently that people have seen the boat, and they have had requests from people living within two blocks to get accommodations for their visiting family "for something different." There was a group of golfers from Lady's Island that wanted to use it as their headquarters. The local interest surprised Mr. Andre.

Commissioner Waldrop said Mr. Andre said that they won't have food prep on board, but he asked if they could serve it. Mr. Andre said they have a large kitchen galley, and guests can use that to prepare their own food. They "have no interest in getting into that" because they want to support the local businesses. They might set up a catering relationship with local restaurants. Some couples wanted a private meal on board, and local restaurants said that they would cater it for them.

Chairman Verity asked if there was a manager on board; Mr. Andre said he's been there for all events so far. Another man who has a boat next to them is interested in helping with cleaning. The law requires that someone be on the boat, and "you need that anyhow," Mr. Andre said.

Chairman Verity asked Commissioner McFee about what the impact of this boatel would be. Commissioner McFee said the concern with downtown merchants has been that it's limited "so that the marina isn't full of hotels." The city wants the marina to function as a marina, not as a large hotel floating in the park. He feels it would have to have limitations. He's been on The Charlestonian at Dataw for a cocktail party, and he said he will come and see the boat.

Chairman Verity asked Commissioner Dechovitz for input. Chairman Verity said he has some questions as to whether it fits into the master plan and asked Commissioner Dechovitz's opinion. Commissioner Dechovitz said he had toured the motel, and there's no issue about whether it's a good, desirable business or not. It appears to be a well-run operation and potentially very viable. The marina is about 40% under-utilized at the moment because of the economic downturn, so this could be a good revenue generator for the marina. He said it would generate money for the city through taxes and fees. He said the question for him is whether the city is serious about pursuing the master plan over the next 6-9 months. Julie is working on a solicitation for waterfront development, and they hope to have interest by at least one developer by February. If the city is going to pursue its master plan, they will have to negotiate the conditions around the marina, so Mr. Andre's business and others will have to be helped to understand that it's for a limited period of time, if the city were to sell the property. A potential developer might be discouraged by competing with such businesses. Negotiating with a future developer might be complex if this business is allowed, Commissioner Dechovitz said; they would have to find a way to ensure that this property doesn't have an adverse impact on the negotiations.

Commissioner Dechovitz continued that council had approved short-term rentals this past summer, and "it was hotly contested." There was concern in the community about the shape of short-term rental in the city, "particularly among citizens who were adamant about not having short-term rentals and commercial development in historically sensitive areas of the city." They haven't expressed themselves on the marina property and the potential for Mr. Andre's business. but he expects concern from the public in regard to that issue. He expects those opposed to short-term rentals in The Point and The Bluff will be opposed to Mr. Andre's project. If the city's negotiating stance is protected, and it will generate money, the city will still have to address that when it's time to bring in developers, as well as assuring Beaufort citizens about it. Those are the potential problems Commissioner Dechovitz sees that need to be gotten around, he said.

Commissioner McFee said the commercial areas allow short-term rental but the residential areas don't. Commissioner Dechovitz said the ordinance allows certain areas to have short-term rentals. Commissioner McFee said the residential areas are the only exclusion; downtown in the commercial areas, there are no problems. They excluded The Point from short-term rentals at the request of the property owners. Commissioner Dechovitz said the marina is a CP zone, not a commercial area.

Chairman Verity asked if the idea of having a hotel would have a negative impact; Mr. Lewis said he can't say. He's not familiar with the operation. His office's "job is to maintain competitive advantage and minimize those things that make development difficult."

Chairman Verity asked Mr. Andre about the investment potential for the downtown area and if the developer chosen for the marina was unhappy with the hotel, he doesn't want to put anyone in a bad position. Mr. Andre said if the marina needs to change, it won't affect him because he can move the boatel to a different location overnight. He said they could have a clause that if it affects development to have the boatel there, they would have to give up their business license and move.

Mr. Griffin said he's in favor of it. In the 38 years he's been at the marina, this is the first time he's heard this concept. Commissioner Goode said he just brought a new revenue-generating idea. Mr. Griffin said there's a full kitchen for caterers of restaurants. It's another place for private parties. The second deck is "very nice and accommodating." There's a bar and open deck on the upper bar. The impact isn't just for overnight stays. Mr. Andre's lease with Mr. Griffin is based on his business license and has to be renewed annually. He said "there are some outs here," and they "can put conditions on it." He said he's "checked Mr. Andre out," and he thinks it's a "good thing," and Beaufort could use the business, especially on a conditional basis.

Chairman Verity said it seems like the concerns are about how many of these floating hotels could happen and about potential development. Commissioner Dechovitz said he doesn't want to make a motion until he knows "the terms the city could impose on the deal to limit its exposure." He'd like the city to tell them what conditions they would have to limit it so that they can negotiate with a potential developer.

Chairman Verity said the motion could be that it's conditional on the city coming back with some ideas. Mr. Lewis said it doesn't require a motion, just the feedback of the Redevelopment Commission to the Metropolitan Planning Commission. Commissioner Waldrop said it sounds like there is conditional support for the concept.

Commissioner Goodman said that with the opportunity to redevelop the marina area, they want to leave it as open as possible, and if Mr. Andre is open to that, they can make the conditions within the ordinance for an agreement between the city and the marina. He offered other suggestions as to how this could be done, adding that it could be done as a one-on-one contract for operation of the marina.

Chairman Verity said he believes that they should limit the numbers of boatels they can have. Mr. Lewis said they can limit the duration and say they have to get renewals. Mr. Andre asked, if they put that restrictive language in, if they are in favor of it, and there was general assent.

Commissioner Waldrop said though there has been expressed concern about this project inhibiting interest in a developer responding to development, it may also be an asset. The marina could be a port for small groups, of example. Ms. Anderson said that she had received the guidance that the Metropolitan Planning Commission wanted.

EXECUTIVE SESSION

Commissioner Goodman made a motion to move into Executive Session for discussion of contract issues and negotiations, second by Commissioner Waldrop. The motion was approved unanimously.

Commissioner Waldrop made a motion to return to the regular Redevelopment Commission meeting, second by Commissioner Goodman. The motion was approved unanimously.

Chairman Verity said that in the Executive Session, there was only discussion and nothing was voted on.

There being no further business to come before the commission, **Commissioner Goodman made a motion, seconded by Commissioner Dechovitz, to adjourn the meeting. The motion passed unanimously,** and the meeting adjourned at 7:15 p.m.