

A special meeting of the Beaufort City Council was held on April 5, 2005 at 5:00 p.m. in the City Hall Conference Room, 302 Carteret Street. In attendance were Mayor Bill Rauch, Mayor Pro Tem Frank Glover, Council members Donnie Ann Beer, Gary B. Fordham, and City Manager John F. McDonough. Councilman George H. O'Kelley, Jr. was absent due to a conflict. 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.

CALL TO ORDER

The mayor called the meeting to order at 5:00 p.m.

CHAMBER OF COMMERCE UPDATE

Libby Barnes, President of the Beaufort Regional Chamber of Commerce, stated as the City's designated Tourism Marketing Organization, their marketing program is working and returning a good investment to the City. She said they are asking for the City's on-going and continued support for the work they do.

Liz Mitchell, Chamber Tourism Marketing Director, demonstrated through slides how the money funded by various sources is used and what happens as a result of those expenditures to the target market they are interested in bringing to the City. According to an analysis performed by the Bureau of Business Research and Economic Development at Georgia Southern University in December 2004 for the Chamber, the impact of tourism to the City of Beaufort is \$175 million. The Chamber's budget for the current year is \$1.2 million with \$774,005 dedicated to bringing visitors to the community. She showed a pie chart of the breakdown of that budget and explained the funding sources. The market they target consists of a wide variety of frequent, affluent travelers and she provided the spending averages for each of these groups. Their comprehensive website offers information to people who visit the site and the current data base of 4,000 inquirers receive travel features through e-mail. The numerous publications in which they advertise Beaufort and market the whole community were listed indicating they reach more than 50 million readers a year. She mentioned that public relations is measured by free coverage, not paid advertising and is estimated at \$2.5 million for 2004. Additionally, she pointed out they measure their success through their opt in e-mail list, cost per inquiry, cost per visitor and through the Accommodation and Hospitality tax collections. Because there has been an increase in those tax collections, the Chamber believes the economy of Beaufort is good. They believe the City's continued support will enable them to offer a complete vacation experience including lodging, dining, tours, etc., provide co-operative advertising opportunities for tourism-based businesses, continue responding to requests for film producer information, work with other areas to explore funding for conference and meeting centers, and enable them to target the visitor who will bring new dollars into the City.

Ms. Barnes stated there are businesses that would not prosper or exist if it weren't for the visitors brought into the City by the Chamber. She shared information from the Travel Industry Association of America who reported on the impact of tourism nationally. One thing in particular was that each household on an average would pay \$889 more in taxes without the tax revenue generated by the travel and tourism industry. In her opinion, the average would be even higher in a coastal

community where tourism is one of the key economic drivers. By creating a positive and memorable experience for visitors they share it with their acquaintances, are more likely to return and often times relocate.

She invited Council to participate in National Tourism Week from May 7 – 13, 2005. She suggested Council visit the Center between the hours of 11:00 a.m. and 2:00 p.m. and meet the variety of people who visit the City.

Councilman Fordham asked if the Chamber coordinates with the Lowcountry and Resort Island Tourism Commission and if it is beneficial for the City to continue funding them. Ms. Mitchell said the activities are different. They are part of a four county region and assist the smaller rural communities who may not have the funding or resources for marketing. They receive a small amount of funding from the state and they have to approach every city, town, and county within their region and request money. She added that it is important for the organizations to work together.

Councilman Fordham inquired about the functions of the Black Chamber of Commerce. Larry Holman, President, replied they do not duplicate efforts. Ms. Mitchell added that because his staff is small and they do not have a Visitor's Center, the two Chambers partner. She also encouraged Council to go to the website beaufortsc.org and see what is available.

Councilman Glover asked about the status of the Accommodation Standards Program. Ms. Mitchell explained it is a rating system for all Chamber member accommodations to assist visitors in determining the level of accommodation without the Chamber giving their opinion. The "palm" rating is optional for the accommodation members of the Chamber and if they can provide written proof that they have a rating through another organization, that is used.

BUSINESS LICENCE REPORT – TECH COMPANIES

A letter from Ben Weinberger was received several months ago regarding business licenses according to the City Manager and Mr. Weinberger has been asked to discuss this with Council.

Mr. Weinberger, owner of Digitalsmiths, said in reviewing his business license information and growth plan for 2004, it appeared their fee would increase significantly in the next five to ten years. Therefore, he checked different areas comparing what other software development businesses were paying. He found there were competitive programs compared to Beaufort. In an attempt to versify the economy, it was mentioned that it is the desire to have businesses that are technology centered located in Beaufort for a variety of reasons. So, he approached the City to reexamine the structure to be sure they can stay in business and remain competitive with other companies. He said they work with people in many states and have designed a software application for the entertainment industry. During the past three months, they have signed seven television shows for which they will be providing a software solution with proposals out for several others. He added that Savannah has invited his company to relocate there. He gave an example of a program used in Charleston referred to as "The Charleston Digital Corridor" where they publish their incentives online. Comparing their fee structure to Beaufort's, a company in Beaufort making \$300,000 to \$400,000 may pay \$700 to \$800 dollars and in Charleston, the license fee would about \$200. A mature company making \$20 million would pay \$500 in business license fees and in Beaufort they would pay \$65,000.

Based on Mr. Weinberger's research, the City Manager asked what he would recommend to support, retain, and bring additional tech businesses to the City. He suggested examining the dollar amount of the fee structure. Charleston has more intangible incentives and some examples he gave were assistance with recruiting employees, downtown parking depending on location of the business, and grants to buy a building. Savannah has a regional approach to bring creative individuals to the coastal area.

Dick Stewart said Jasper County approaches people in Beaufort County and explains why it is cheaper to move their business to Jasper County. The Economic Development Partnership performed a study and research on the senior executives involved in technology and identified 56 executives that own property and live in Beaufort County. Being able to reach out to those people is an opportunity. He also shared information regarding grants that are being made available for infrastructure in Bluffton and the County's plan to contribute a large amount of CIP for infrastructure.

The Mayor asked for suggestions on how to prepare an incentive package to encourage people to locate in the City besides reducing business license fees. Libby Barnes, Chamber of Commerce president, said she would review the information she and the former Main Street Beaufort Director put together regarding incentives to attract and retain small businesses. The Finance Director said the City has incentives for new businesses but he is not aware of another city besides Charleston that is offering incentives for technology companies. The South Carolina Supreme Court ruled that business license fees must be based on gross revenue. How the fees and the classifications are structured is Council's decision. He also reminded Council the business license fee is the City's single largest revenue. Ms. Barnes also offered to query the American Chamber of Commerce executives' business development network group to find out what type tax incentives are offered in similar size cities.

The Mayor said staff will work on this and see what can be offered.

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 6:45 p.m.

BILL RAUCH, MAYOR

COUNCILWOMAN DONNIE ANN BEER

COUNCILMAN FRANK GLOVER

COUNCILMAN GARY B. FORDHAM

COUNCILMAN GEORGE H. O'KELLEY, JR.

ATTEST:

BEVERLY W. GAY, CITY CLERK