

A work session of Beaufort City Council was held on September 24, 2019 at 5:00 p.m. in the Beaufort Municipal Complex, 1901 Boundary Street. In attendance were Mayor Billy Keyserling, Councilwoman Nan Sutton, Councilmen Stephen Murray, Mike McFee, and Phil Cromer, and Bill Prokop, city manager.

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.

### **CALL TO ORDER**

Mayor Keyserling called the work session to order at 5:01 p.m.

### **EMPLOYEE NEW HIRE RECOGNITION**

**Neil Desai** introduced **James Jenkins**, a new employee in Public Works' parks department.

### **DISCUSSION: FY 2020 ACCOMMODATIONS TAX (ATAX) GRANT RECOMMENDATIONS FROM TOURISM DEVELOPMENT ADVISORY COMMITTEE (TDAC)**

**Jonathan Sullivan** said there was a \$61,000 fund balance, and the committee requested using \$41,000 of it, which made the total approximately \$202,000 for distribution. The recommendations were made on that total. The methodology was the same for scoring the applications as it had been for the past 3 years, Mr. Sullivan said, including the mandatory information sessions for applicants.

Mr. Prokop said all of the applicants knew about the work sessions and showed up for them. Mr. Sullivan said that is correct. He thinks there were not any new applicants who didn't know about that.

The **Convention & Visitors Bureau (CVB)** requested \$140,000 for its destination-marketing component, Mr. Sullivan said, and TDAC recommended \$130,000.

For Visitors Center engagement, the request was \$30,000, and TDAC recommended \$13,000.

For the CVB's "sales plan," the request was \$35,500, and TDAC recommended \$25,000. Mr. Sullivan explained what this request is for. The salesperson goes to conventions and sells group business in Beaufort to various organizations (e.g., for family and corporate travel). Last year, council awarded the CVB \$35,000 for this, he said.

**Beaufort Film Society** requested \$15,000, and TDAC recommended \$3,500, which is less than last year. The organization added a day to the film festival last year, Mr. Sullivan said, and it was very successful.

**Port Royal Sound Foundation** requested \$7,400; TDAC recommended \$2,500, which

“contributes directly to their marketing budget,” Mr. Sullivan said.

**CAPA Ghost Tours** requested \$1,000, and TDAC recommended \$500.

**Spanish Moss Trail** requested \$5,000 “for the connector,” and TDAC recommended \$1,000, Mr. Sullivan said.

**South Carolina Lowcountry Resort Tourism** requested \$33,000; TDAC recommended \$15,000. Mr. Sullivan said the committee would have loved to recommend more. The organization collaborates with the CVB and makes an effort not to duplicate marketing efforts and vice versa. They also bring travel writers to Beaufort, he said. They made a great map, **Erica Dickerson** said. Mr. Sullivan said the organization wasn’t asking for funding for that, but it “really sells Beaufort.”

**Santa Elena Foundation** requested \$6,500 for heritage and destination marketing; TDAC recommended \$1,000. Mr. Sullivan said, “If it’s part of the destination as a whole, we really want them to lean on the CVB for the marketing,” so this is for the organization’s “own private marketing” because “we didn't have the funding” to recommend that council give them more.

**Beaufort Area Hospitality Association (BAHA)** requested \$7,500 to market an oyster festival that BAHA will host; TDAC recommended \$4,935 for that. Mr. Sullivan said he and TDAC chair **Vimal Desai** serve on the BAHA board, so they recused themselves from the discussion about BAHA’s request and the vote. This event will be in January, which is “a dead time in the market,” Mr. Sullivan said. It will be a 7-day festival, with 2 days taking place in Waterfront Park and 5 days in other areas around the city. The total anticipated cost of the event is \$71,000, he said.

**Beaufort History Museum** requested \$11,620 for permanent exhibit renovations, and TDAC recommended zero dollars. Mr. Sullivan said the committee felt this was an “all or nothing” request, and since there were not enough source funds available for the museum’s request, they recommended no ATAX funds for it.

**Penn Center** requested \$50,000 for its Heritage Days Festival; Mr. Sullivan said Penn Center is “working to bring the event back,” and TDAC recommended \$2,500. Mr. Sullivan said “maintenance” in this case is for wear and tear on the buildings that would occur during the festival.

Mayor Keyserling asked if there is an admission charge for Heritage Days. It’s free to get in, Mr. Sullivan said, though there is a fee for parking, and there are other things that generate revenue, such as Gullah cooking classes, though Penn Center didn’t articulate this in its ATAX application.

Mayor Keyserling said he was glad admission was free because he found it sad that a

few years ago, some people couldn't get in to Heritage Days because they couldn't afford \$15 for admission. Mr. Sullivan said Heritage Days had 8,000 attendees last year, and Penn Center charged a flat fee for parking. They are trying to work through how to manage that many people, he said. Mr. Desai said TDAC suggested charging a dollar or two for admission, and the applicant said they were considering that. Ms. Dickerson said the committee also suggested asking for a donation to get in instead of a flat fee.

**Beaufort Art Association** requested \$2,500 for its 59<sup>th</sup> Annual Spring Art Show, and the committee recommended no funding because it is a “mostly local event” and takes place during a peak tourism period, Mr. Sullivan said.

**Black Chamber of Commerce** requested \$35,000 for cultural tourism marketing, and TDAC recommended \$3,500. The committee thought the organization’s effort to bring in African-American group travel was “a great idea,” Mr. Sullivan said, so TDAC is recommending support for that.

Councilman Cromer said he’s the city liaison to the Beaufort History Museum, and he was “a little disappointed they didn’t get anything.” He asked “the rationale for awarding money to lower-scoring entities,” and suggested that in the future, activities or organizations “that do things within the city limits would get some extra credit, versus those like Port Royal Sound Foundation and a few others that are outside of” the city limits. He thinks that would be a better way to spend the ATAX money the city has to distribute “because the county covers a lot of the other stuff.”

Mr. Sullivan said the rationale is that if Penn Center or Port Royal Sound Foundation have events, there is no lodging near their locations, so participants would stay in the City of Beaufort, and ATAX funds are meant to be awarded to things that put “heads in beds.” TDAC has discussed this a lot, he said, and he thought Councilman Cromer made “a fair point.” An event like Heritage Days is primarily a local event, and it doesn’t generate a lot of tourism, Mr. Sullivan said, so “it’s hard to fund it from an ATAX perspective.”

Ms. Dickerson said the history museum was specifically looking for ATAX funds for a display that had a very large price tag. The contribution TDAC could recommend making wouldn't make a dent in the amount that Beaufort History Museum needed, she said. Also, **Robb Wells** had presented to TDAC that the CVB is “going in a little bit of a different direction” by having visitors fill out paper forms instead of using iPads to collect information, “and they’re getting a lot more response from people that come to our events” by using this “low-tech” method, Ms. Dickerson said, while Beaufort History Museum wants “to do a very high-tech display.” Councilman Cromer said the high-tech aspect of the exhibit is being pulled back now; the museum has storyboards now, but it needs more artifacts “and stuff that people want to look at.” There will be “some tech” for people to get to more detail about different aspects of the exhibits, he said.

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Mayor Keyserling said council encourages collaboration, and so does the CVB. Mr. Wells has done studies through the CVB, as has the Beaufort County Heritage Development Corporation, and with the exception of golf, “history and culture is far and above other things” for tourism, Mayor Keyserling said. The bad part of that is that people leave “disappointed” in the historic and cultural attractions they find here, he said, so the Heritage Tourism Task Force went site by site and determined that “we really need to work on our infrastructure.”

Beaufort History Museum was “dead,” but a group found artifacts that had been lost, and volunteers have been very dedicated to building the museum up, Mayor Keyserling said, so he feels it’s “time we helped them grow,” so they are able to have people visit there and “feel like they’re taking away something.” The city is subsidizing the shuttle, he added, and the museum is on its route.

It’s problematic to have “something that is lacking” at a venue that has the city’s name on it, Mayor Keyserling feels, so they need to help the museum to grow and to have what it needs to have “to be a city museum.” The museum tries to give visitors “a broad view of history,” he said, to give them “an idea of what’s out there,” and to generate interest in visiting other places in the area. When it’s fully operational, the National Park Service in the old Firehouse building will draw more people across the street from it to the museum, Mayor Keyserling said.

Mayor Keyserling said he doesn't know about the project for which the history museum applied for ATAX funds, but he would like the exhibits there to be “more dynamic.” Councilman Cromer said, “Phase 2 is the dynamic part.”

Mayor Keyserling feels that Beaufort History Museum is associated with the city’s name, but it isn’t getting the boost that other groups are getting. He would like to see ATAX money “shifted around” to give the museum’s request some funding. The ghost tours might be bringing people here, he said, and he knows people enjoy them, but he feels that giving the ghost tours ATAX money, even though it’s only \$500, may just be “a habit.”

Ms. Dickerson said Mr. Wells had told TDAC that the ghost tours give guests more opportunity “to interact with the history” of Beaufort than the history museum does. The museum charges admission, and “it is a little bit ‘go through it on your own’ . . . depending on when you get there,” she said. The committee also had an issue with a “lack of collaboration” at Beaufort History Museum because it stopped participating in Experience Beaufort. Finally, Ms. Dickerson said, TDAC didn't feel like “this little pittance” they were able to recommend for the museum’s exhibit “was going to do them any good.”

Mr. Sullivan said the museum has an account with money that was willed to it, and the account has \$53,000 in it. After the Visitors Center said it’s going low-tech, the

committee didn't think the high-tech component of the history museum's exhibit "would appeal to our visitors," he said.

Mayor Keyserling said the history museum hasn't done the job in the past that it could have done to get memberships. Councilman Cromer said that is improving.

Ms. Dickerson said the committee felt strongly that the CVB needs most of the funding from ATAX "because they're the whole thing; they're the big picture." Mayor Keyserling asked why council doesn't give the CVB all of the available ATAX funds for groups, and then assign the CVB a total for each organization. Ms. Dickerson said TDAC has discussed that option.

Councilwoman Sutton said **Mike Sutton** was saying the same thing on the Facebook Live feed that Mayor Keyserling had said: that giving an organization only a very small portion of the amount it needed for an event or project doesn't do that organization any good.

Mr. Sullivan said every ATAX application highlights the applicant's budget, so TDAC tries to recommend that funds be awarded "based on a budget line item, on what [the grant] would fund specifically." TDAC tried to recommend awarding funds within whatever specific line items the organizations request funds for, he said.

Mayor Keyserling said next year, he'd like to see the Black Chamber of Commerce do a marketing budget tied "in with travel, for Gullah [Festival], Heritage [Days], and for the generic affairs that are not necessarily African American, but [that] they come to." The Black Chamber would "come up with a plan that focused on that audience," he said, and the CVB would "subcontract with them to do it."

Mayor Keyserling feels, "We need to continue to think outside the box." Infrastructure will be a growing need, and collaboration is essential. Heritage Days should be advertising the Gullah Festival on their promotional materials, for example, he said.

Councilman Murray said he's in favor of releasing \$41,000 from fund balance. "To evolve this process," there is "a lot of armchair quarterbacking," and he feels they should do that *before* the application process begins. Council could have a work session with TDAC and the CVB to discuss where they would like the city's tourism to go. Tourism and military travel are the city's demographic, and there's been a dip in the numbers from those groups, which is concerning, he said. He's heard that there needs to be diversification, so they need to look at small group travel, sports travel and "more bus trips," and the city needs to fund the "operations that increase that diversification."

"A number of travelers . . . have fallen in love with Beaufort," but when they come back for another visit, it's harder to meet their expectations if the city doesn't "have product development," so they need to work on that, Councilman Murray said. He's also heard

about tourism's "peaks and valleys," and that there are sometimes not enough accommodations for those who come here during the peak times. The Beaufort Film Festival and BAHA's oyster festival will help to fill in the valleys, he said.

Councilman Murray said he feels that the split is "about right" in terms of how TDAC's recommendations split the money between advertising and product development, but he agrees with Mr. Sutton that there's a "chicken in every pot mentality" happening. Though an organization might tell TDAC that even a small portion of its much larger request would help, "some token of funding" doesn't "serve us that well," versus picking "a few projects that we fully fund to make sure" those organizations "could do [them] really well." If the city did this for a few years, he asked, "would we get better results out of that on the product development side?"

Councilman Murray feels the matter of ATAX funds for Beaufort History Museum is "a tough one." He doesn't want to undermine the committee's recommendations, but he is passionate about the museum and what it does to lead visitors to other historic destinations in the community. The city is funding a new roof, windows, and bathrooms at The Arsenal, he said; that might be enough support for the museum and the Visitors Center this year.

Councilman Murray said he feels there is also a conversation to be had about new and established events, such as the ghost tours versus the new oyster festival, which seems like a great idea, and it needs a little extra investment to "get it going."

Councilman Murray said he's okay with TDAC's recommendations. The chicken in every pot "thing bugs me," he said. While \$2,500 "could be significant" for some applicants, for most, it's not, such as Penn Center, which is asking for \$2 million from the county's ATAX for infrastructure improvements, he said.

Mayor Keyserling said, "We have something good going with the Black Chamber this year," so he "would give them enough money" for the "new product" the organization has come up with, "to see if they really do what they say they're going to do." All of the organizations that apply for ATAX from the city get ATAX money from the county as well, he said. If the Black Chamber is "headed in a new direction," he would like to "give them a boost," while holding the organization – "like we hold everybody – accountable for metrics." Mayor Keyserling feels council should give the Black Chamber of Commerce the amount of money it needs "to really launch" the program it's proposing, which is "in many ways . . . the same kind of money that we're giving for sales to the CVB," though the Black Chamber is proposing "much more focused sales" to a particular demographic for travel than what the CVB does. Mr. Desai said, "This would be going to actual conferences for group travel . . . face-to-face. This isn't [for] marketing." Mayor Keyserling said yes, but "it's a group taking a new approach, which I like, in terms of the CVB, but if the Black Chamber is going to do" the project it proposed, he'd recommend giving them "a year and . . . enough money so that they feel we're behind them," and at

the end of a year, everyone would “see if the new program works.”

Ms. Dickerson said TDAC and council needed to have this conversation months ago. It’s hard to find the right balance, she said, and every group put a lot of time into their applications. She feels they should go with what they have and “do this ahead of the game” next year. Mr. Prokop said council did do this last year; staff asked council what they wanted from TDAC.

Mr. Sullivan agreed and said last year, TDAC recommended that a number of organizations get no ATAX funds to avoid giving very small amounts that were far less than what the applicants requested. The groups TDAC saw this year had “really great sound strategies,” he said, and the best applications he has seen while serving on TDAC, so the committee wanted to fund a component of any of the applications that they could.

Mr. Sullivan said the city has invested “a fair amount” of ATAX funds in infrastructure improvements for various organizations, but “we didn’t get a marketable movement” from that. He had asked Mr. Wells what visitors are really looking for, and Mr. Wells told him that Hunting Island State Park is “the #1 attraction in [Northern] Beaufort County,” not museums. Museums don’t “bring our tourism economy to market,” Mr. Sullivan said. That isn’t what tourists “really want today.” Last year, a study showed most people come to Beaufort to “relax,” he said, so that’s what brings them to this market, which he feels leads to the question of “where we want our museums to go and grow.” Mr. Sullivan asked what the return on investment is for infrastructure improvements that have been made to attractions like museums, when what people are coming here for is to relax by the water, for example.

Mr. Sullivan said again that there were really great applications for ATAX funds this year. If council funds the Black Chamber of Commerce’s proposal, he said, it would be “dividing our DMO [designated marketing organization] funding.” TDAC looked for what the Black Chamber is doing that no one else is doing, he said.

Ms. Dickerson said there are “rainy days,” so even if they’re here for the outdoors, visitors need something to do when they can’t be outside.

Mr. Prokop said it’s critical to diversify the tourists who are coming here now, because there has been a drop-off in “the old standbys.”

**Kathy Todd** explained that it’s necessary to keep “a buffer” in the fund balance because the ATAX revenue “is anticipated,” so the grant money is determined in anticipation of what will come in. If there is a bad weather year (e.g., hurricanes, snow storms), it affects tourism/accommodations, she said, so it would affect how much the city receives in state accommodations tax funds. If the city grants more funds than it ends up receiving, and the fund balance cushion is gone, council would have to fund the

shortfall from out of the city's General Fund, Ms. Todd said. She agreed to give \$41,000 to fund ATAX grants, but the city can't be sure what it will get in state ATAX revenue, so she left a balance of \$20,000, which considers those organizations that haven't yet requested a reimbursement from last year's awards.

There was a general discussion of moving up the date by which reimbursement requests needed to be made.

Ms. Todd said after the disbursements to the DMO and the City of Beaufort, the city typically keeps 20% of what is distributed in fund balance and then rolls it into the next year, "so that there's always a buffer in case there's a shortfall in the revenues."

Councilman Murray asked about the county ATAX process' timing, and if applying for those funds is on the city's ATAX application, which he was told it is.

Councilwoman Sutton read another Facebook comment from Mr. Sutton encouraging the city to fund the museum exhibits.

#### **EXECUTIVE SESSION**

Pursuant to Title 30, Chapter 4, and Section 70 (a) (2) of the South Carolina Code of Law, **Councilman Cromer made a motion, seconded by Councilman McFee, to enter into Executive Session for receipt of legal advice. The motion passed unanimously.**

There being no further business to come before council, the work session was adjourned at approximately 6:06 p.m.

behalf as an appointee to the Lady's Island Implementation Committee.

Councilman Murray said he spends a lot of time on social media trying to clarify misinformation about the City of Beaufort. Like Mr. Prokop, he gets frustrated with that misinformation, and he knows that they "have to debate from a standpoint of facts." Looking at the pictures of Waterfront Park that Mr. Prokop had shown, he is proud of the city, but he also thinks about growing up here, when the traffic was sparse, and there were "different retail opportunities." Over the last 40 years, Beaufort has gotten "better," but it's important not to grow just for growth's sake, Councilman Murray said. There needs to be a balance. For example, multi-story apartments at the edge of the "village center" on Lady's Island are probably not the right fit, he said, but conversely, on Allison Road, that kind of development is "absolutely appropriate," especially for housing for people working in that area.

Councilman Cromer said he, Mr. Prichard, and **Deborah Johnson** had met to outline topics for the Affordable Housing Task Force. They will be accepting applications until October 1. Council will appoint people from those applications, and he hopes the task force will start meeting in November.

Councilman Murray said the Higher Education Task Force is also accepting applications.

**There being no further business to come before council, Councilman Cromer made a motion, second by Councilman Murray, to adjourn the regular council meeting. The motion passed unanimously,** and the meeting was adjourned at approximately 8:52 p.m.