

A meeting of the Beaufort Redevelopment Commission (RDC) was held on June 26, 2018 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 Frank Lesesne, Mike Sutton, Mike McFee, Nan Sutton, Stephen Murray, Billy Keyserling, and Phil Cromer, and Bill Prokop, city manager. Commissioner Steven Green was 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.

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

MINUTES

Commissioner McFee made a motion, second by Commissioner Murray, to approve the minutes of the March 20, 2018 Redevelopment Commission meeting. Mr. Prokop said on page 2, in the verbatim transcript of a portion of the January 16, 2018 RDC meeting, it should be made clear that “rebates and incentives are not taxable.” Referring to that same statement, Commissioner McFee said to check “in-” in this sentence: “And it can generate a tax ramification, which it was never the intent of what we in-, what we wished to do.” *[Like the rest of this audio from the January 16 meeting, this was transcribed verbatim; it appears that Commissioner McFee began to say “intended,” then changed the statement to “what we wished to do.” – steno.]* **The motion to approve the minutes as amended passed unanimously.**

MARINA NEXT STEPS

Mr. Prokop said he and **Linda Roper** have been meeting with groups about the marina. The goal today is to get confirmation from the RDC.

The three options for the marina are

1. to continue to be “a waterfront filling station/RV park” for boats.
2. to become “a recognized regional destination,” attracting transient, local, and regional boaters with high-quality facilities and services.
3. to create “an activity hub” at the marina, with infrastructure to enable water sports and a tie-in to the Spanish Moss Trail.

Mr. Prokop said the committee feels that it wants to pursue option #2: to be “a regional marina offering top-notch customer service.” There is a confidentiality agreement with Griffin Enterprises, he said, which has provided the city with 3 years of financials and summaries. The committee has contacted McSweeney Engineers, which has “agreed to go through our complete marina update, including underwater inspections of the pillars for the marina part” (i.e., not under Waterfront Park), and providing an inventory (e.g., what needs to be repaired). The price for this is \$7,100, Mr. Prokop said, and McSweeney will start the work after Water Festival.

Mr. Prokop said the committee wants to put out an RFP, “initially for a short-term management contract of 18 months to 3 years,” then go for a long-term contract after they know what is

needed. The committee would like input from commissioners on this draft, which the commissioners received, and then it will go back to staff “for further tweaking” and to be put in an RFP format. The goal is to get the RFP out by the end of July, he said, and they hope to select the winning bid in January, which will be 6 months before Griffin Enterprises’ contract expires June 30. **Rick Griffin** has agreed to stay on as an advisor until July, after next year’s Water Festival, Mr. Prokop said.

Commissioner M. Sutton said the committee’s conversations have been about how to find out what [the marina is] as an asset, without getting locked into a long-term lease.” The RFP should “drive us to get some kind of answer,” he said. Local operators may respond, or “larger companies with multiple marinas” may.

Alan Dechovitz said that in the most recent draft, they had tried to make sure the marina would be a tourism asset but also a resource for people who live here and in Northern Beaufort County, where there are not a lot of access points to the water. He encourages city council and the RDC to use this opportunity to make this “a more meaningful, active place to live.”

Ms. Roper said she feels the “purpose of the short-term contract” is to “develop a baseline,” to decide where we’re going to go” in the future, and to get help with “permitting for possible expansion,” which is one of the long-term goals for the marina. The short-term contract will help the city to know the marina’s potential with different leadership, she said.

Commissioner Cromer asked if the marinas were municipal or private. Mr. Prokop said, “All of them are private.” Commissioner Cromer asked the “percentage of gross revenues the city would recoup,” so it could be earmarked to go back into the marina. Mr. Prokop said, “That’s one of the things we want to be able to do.” They also have contracts from some other municipal marinas, he said, and they know the percentages those municipalities get from their marinas, but not the actual dollars.

Commissioner M. Sutton said Beaufort’s marina has “done a very poor job of capital improvement with funding that comes in from that marina”; up until 8 or 10 years ago, there was no “general conversation” about the money the marina generated and where it was spent. It went into the city’s General Fund, and then when repairs or improvements were needed, city council was left “scrambling for money,” he said.

Commissioner M. Sutton thinks big operators may “cost more to operate” the marina than smaller, local operators would, but they might have greater capability for “capitalization” and could “put in infrastructure and negotiate it back against the lease revenues,” which a smaller operator might not be able to do.

Commissioner Lesesne asked if there is any information on local versus tourism dollars for the marina. He knows his business gets a lot of boat traffic from out of town. Chairman Verity said they would be getting “real details” about what the marina produces, etc. Commissioner M. Sutton said that data was not collected because it was not part of the lease. The marina has

struggled to market itself, he said, and they want the marina to be more active, with good “turn-around” of the boats. Chairman Verity said they don’t even know what the full-time boats are paying to stay at the marina.

Commissioner Lesesne said he is a little concerned about prioritizing local – rather than tourism – tenants. He knows The Anchorage gets a lot of tourist traffic by boat, which is just anecdotal, but he knows that *Coastal Living* is going to be writing an article about travelling to Beaufort by boat.

Mr. Dechovitz said he isn’t suggesting the marina be only a local asset, but local residents are responsible for an asset that needs \$3 to \$5 million “to put it back right,” yet locals don’t “get as much out of it as they ought to.” Waterfront Park cuts people off from the water, there are few ramps, and there are not places to enjoy water sports there, he said. The city wants everyone to come dock for 3 or 4 days and eat at the restaurants, but the balance needs to be better, Mr. Dechovitz said.

Mr. Dechovitz said boaters’ tanks will still need to be filled and their holding tanks drained. None of the three options presented is “mutually exclusive.” The document was meant to generate conversation about the possible options, he said; there needs to be a combination of all three.

Commissioner M. Sutton said that over time, the marina has been operated by what is good for the operator, not for the city. There’s been huge increase in transient boats since the mooring field was established, he said.

Mr. Dechovitz said in 2011–2013, when the city looked at the marina, they were carrying “a permit to add a 500-foot base dock,” parallel to the existing one, which would “accommodate more transient boats during high seasons.” That permit has lapsed, he said, but they have asked the engineers to look at it and see what might need to be done to the marina as they add infrastructure.

Chairman Verity said at the last few RDC retreats, they have discussed the marina and where they want it to go. It’s not been taken care of – for years, no money was put into it until recently – but the city now wants it to be a place that people will come to that will enhance the city, and also to use the water more “from a land-based point of view,” including expanding it to create space to place kayaks in the water. He suggested also considering whether they want to finish the Waterfront Park development via Sasaki 2, but the marina will come first and understanding what it can produce in revenues and in access to and from the water.

Mr. Verity asked the commissioners to look at the proposal before the end of the week and to make suggestions. Mr. Prokop, Ms. Roper, and the committee will put out an RFP to get the process underway. He said they don’t know what they will find with the RFP yet; they expect a lot of people to be interested. Mr. Prokop said the committee would go through the applicants, and then they will bring the ranked information back to the RDC.

Chairman Verity said they hope Mr. Griffin would remain here through next July. Mr. Prokop said Mr. Griffin is a partner in the process, and he has told Mr. Prokop about someone who might be interested in bidding.

Chairman Verity said he thinks this will be a financial opportunity that hasn't been capitalized on in the past.

Commissioner Keyserling said he assumes that the committee's "conversation included going back to Sasaki 2," in relation to combining "a number of those buildings into one building. Commissioner M. Sutton said they only stayed with the marina operation, not Waterfront Park operations. Commissioner Keyserling said one thing in the Sasaki plan was consolidating the bathrooms, marina store, and, he suggests, a provisioning store with better foods and wines for boaters. He said that's not about the park, but it is "about the marina from the office to the restrooms." Mr. Dechovitz said boaters expect concierge-type services like that, and that's a financial stream the marina could develop.

Commissioner Murray said there seems to be "consensus around option #2." He read aloud from the RFP draft (page 2, the second full paragraph), and said it captures "what most of us would like to see in the immediate future of the marina." He'd also like to see the marina be more of an activity hub, but he said that probably wouldn't happen in the short-term.

Commissioner Murray suggested the short-term contract be for a "somewhat longer" period (i.e., 24 to 36 months), rather than for 18 months. He said depending on the type of operator they choose, the city might get help learning the best mix of transient and local boaters.

Commissioner Murray said if they move this forward, there are still a number of questions that can't be addressed between now and next July. Chairman Verity agreed and said he thinks that will happen, but in a later step.

Commissioner M. Sutton said this would set a 3-year plan in motion. They could add in option #3 at that time. The operator would have studied the marina and would be competing for the lease again, he said, so council should be able to answer the questions about what could be done with the marina and Waterfront Park.

Mr. Dechovitz said the short-term marina operator is being hired not to take Mr. Griffin's place but to operate the marina for the city while the city learns about how it operates. That operator could also explore opportunities for raising revenues with this asset, he said, and could provide the city with its vision for the marina (e.g., for a water-based activity center). Commissioner Keyserling said he could see the short-term operator envisioning this period as an opportunity to learn about the marina in order to bid more successfully for the longer-term operation.

Commissioner Murray said they're asking for someone who does "more than open the doors for boats." The process is similar to how the parking vendor was hired and compensated, and

the responsibilities are also similar, he said. They are looking of a high level of customer service, not just “someone to turn the lights on,” Commissioner Murray said. Mr. Prokop said the parking company is a good analogy; they are looking for an experienced operator to come in and “do what needs to be done.”

Commissioner M. Sutton said when the committee reads the responses to the RFP, they will find out if applicants are capable, and if they have experience and aptitude, they will score higher. Then the subcommittee will send the top tier of candidates to the RDC, after which it will be a council and city manager function, he said. He asked when that “break point” is, and whom the subcommittee would be answering to. Chairman Verity said the city manager and his team are “the focal point,” and the city manager is asking if the RDC has any questions or concerns about the RFP. Chairman Verity said he thinks logically, council would decide who is awarded the contract.

Mr. Prokop said the subcommittee would inform the RDC about its decisions for information purposes. There has to be an operation in place by next June. This is “step 1,” and they will keep the RDC informed, he said, “but this will be a council decision.”

Commissioner Murray said council has to approve the choice of the operator, but the RDC should be informed and can be included in the decision. If the timing works, the RDC could get “a preview” of the decision, he said. Commissioner M. Sutton suggested what the subcommittee could report to the RDC. The subcommittee will make recommendations, but it’s council’s decision, he said. There was consensus among the commissioners that the subcommittee would give its top 2 selections to council.

Mr. Dechovitz suggested the transition between operators should begin early next year. Commissioner Murray said he thinks that’s possible with the current timing. Chairman Verity summarized the steps and timeline.

Commissioner Cromer asked Mr. Prokop to send an electronic copy of the RFP draft to the commissioners.

BEAUFORT COUNTY HOUSING NEEDS ASSESSMENT REPORT & RECOMMENDATION

Deborah Johnson said the full housing needs assessment report is 530+ pages, so she would present a quick overview with the parts pertaining to the City of Beaufort, which is also in a handout that the commissioners received.

Bowen National Research conducted the comprehensive housing needs assessment, which ran through this May, Ms. Johnson said. There was a countywide assessment and one for three unincorporated sectors, as well as for the four major municipalities.

Ms. Johnson reviewed the scope of Bowen’s work. The findings are available on the Beaufort County website, she said.

Across the county, 7,500 housing units will be needed between 2017 and 2022, of which 5,393 would be “owner housing units,” and 2,296 would be “renter households,” Ms. Johnson said. The greatest growth by “household age group” is expected to occur among seniors, she said.

The county is “dominated by owner households,” Ms. Johnson said, but in the northern part of the county, there are more renters than homeowners. Most households in the county are 1- or 2-person households, she said, including more than half of the renter households.

Affordability is a huge challenge: 47.4% of renter households in the county are “cost-burdened,” which means they spend more than 30% of their income on housing, Ms. Johnson said, and 33.5% of homeowners are cost-burdened. These numbers are about the same in Beaufort as in the county as a whole.

Ms. Johnson showed the median price range for purchasing a house in Beaufort County: \$455,000. In the City of Beaufort, it’s \$364,000.

The consultants talked a lot about the demand for senior housing, Ms. Johnson said, recommending that “we need to be adding between 200 and 400 beds of senior care housing each year in the next 5 years.” Commissioner McFee asked if that includes all types of senior housing, and Ms. Johnson said it does.

Special needs populations (e.g., the homeless, victims of domestic violence, etc.) were broken out, Ms. Johnson said, and teachers were added as a subgroup. The largest special needs population is seniors, she said, as well as people with disabilities, active military and veterans, and people living in poverty.

Ms. Johnson reviewed the data for the City of Beaufort’s housing market needs for the next 5 years:

- For rental housing at \$500 a month or less, there are 19 units in the current pipeline, and the consultants said there should be 163 rental units that rent for \$500 and under in the next five years.
- No for-sale housing in the \$100,000 to \$200,000 range is needed. There are 109 units “in the pipeline,” though she said she doesn’t know where those units are in the city. The greatest need is in the “over \$300,000 category,” for which 123 units are needed.
- The market will take care of the upper end, Ms. Johnson said, so it’s important to focus on the lower incomes and lower housing price points and “facilitate those things happening.” She said the only subsidized housing being built right now is two units of a duplex that Beaufort Housing Authority is building to replace one that had to be “taken down because of health issues.”

In the next 10 years, Ms. Johnson said, the City of Beaufort will need 260 rental units under \$500 a month – “assuming the economy stays pretty much the same” – and 210 units in the \$500 to \$874 range. Mr. Prokop said there is nothing on the market now “that’s even close to \$500” a month; “high-rise, cheap little apartments” would have to be built to have housing at

that price point, but that's "not allowed." Ms. Johnson said no one can "afford to build market-rate housing" to rent for \$500 a month because of land and development costs. Even in a strong market, building is slow, she said, and the challenge is figuring out "how to meet those needs."

Commissioner Keyserling said these numbers send a signal to young people thinking of relocating here. Commissioner Murray said an employee of his is moving away from Beaufort, and though they make "decent money" and have no children, they aren't able to afford a place to live, so it's more attractive for them to live "out of market."

Ms. Johnson said the occupancy rate is 99.5% now in the city and throughout the county. Bluffton has a new complex going in that is not yet fully occupied, so Bluffton's number was a little lower when this was done. 94-95% occupancy would be the ideal, she said.

Ms. Johnson reviewed the consultants' "key findings." Some of their recommendations to solve the problems include the following:

- adaptive reuse of vacant/abandoned structures
- density bonuses
- waived or reduced development, permit, and impact fees
- donating public land, including purchasing land
- expedited approval process for development
- first-time homebuyer assistance
- grants
- HOME (HUD) program
- housing bond
- housing for the aging, teachers, the disabled, and the homeless
- housing trust fund

Ms. Johnson said the Bailey Bill can be used for affordable housing, as well as for preservation, so the county is looking into that.

Ms. Johnson showed "background factors in the city"

- Developing neighborhoods (e.g., Battery Shores, City Walk, Islands of Beaufort)
- In infill, there are vacant lots in the Northwest Quadrant, the Old Commons neighborhood, and Dixon Village.
- Private government subsidized housing, all of which have long wait lists:
 - 584 units in the City of Beaufort
 - 93 units converting to market rate July 1
 - 49 new units – Ribaut Village Senior Housing – are in the design phase.
 - 119 HUD subsidized units
- Public housing – There are 295 units of public housing; 91 are in the City of Beaufort. The waiting time for a 1-bedroom unit is 3 years, for a 2-bedroom unit is 2 years, and for a 3- or 4-bedroom unit is 1 year to 18 months.

- Ms. Johnson reviewed Beaufort Housing Authority’s special projects, pending private multi-family projects, and Habitat for Humanity single-family housing projects.

Commissioner M. Sutton wondered about how the data was collected. Ms. Johnson said the consultants worked with the assessor’s office. Commissioner M. Sutton said, “South of the Broad woke up, and so did North of the Broad, after 2007,” and people with second homes converted them to 4% homes “to stave off the tax burden,” whether they lived in them full-time or not, so he thinks “the numbers could be off a little bit.”

Commissioner M. Sutton said the City of Beaufort has had a small number of single-family homes for years, and it would be nice to know how the rooftops are growing. The 35% rental inventory, available land, and affordable housing all have a big impact on delivery of services, he said, and have a big impact on a city as small as Beaufort is. Commissioner Cromer said these factors all have “a big impact on the workforce.” Commissioner M. Sutton said his employees live in mobile homes and in places outside of the city. He feels it’s “almost going to the point” where employers at a company like his need “to buy and build housing for employees...because you cannot compete for workers if you can’t house them.”

Commissioner M. Sutton said \$177 per square foot average cost at construction “is probably a doable house cost,” but “the local building codes assessment for FEMA uses \$125 base code for value of a property . . . to meet code requirements, where . . . it costs a builder like me \$190 a square foot to build the house.” He believes the price of housing could go down “if we work with codes to make sure that they would honor that \$125 as the average cost per square foot” for a house.

BOUNDARY STREET/BATTERY SAXON PARK PROJECT UPDATE SEP

Mr. Prokop said, unofficially, the United Way building on Boundary Street is likely to be there for another 2 to 3 years.

The tanks have all been removed from the gas station, Mr. Prokop said. Open Land Trust owns that property. Also, Open Land Trust is following up with Wendy's, he said, which is open to selling at the right price, and the organization is getting an estimated selling price.

Battery Saxon Park is meant to be “a very passive park,” Mr. Prokop said.

Commissioner Keyserling said the Open Land Trust owns the United Way building; he assumes the county is paying the organization rent for it. Mr. Prokop said no rental income has been accounted for. The original understanding was that the county would be out when Boundary Street was done. There’s nowhere else for the employees in the United Way building to go right now, he said. There’s no incentive for the county to vacate the building if the Open Land Trust has it occupied and is collecting rent from the county, Commissioner M. Sutton said.

Commissioner Keyserling said there have been requests to rename Battery Saxon Park “Rufus Saxon Park,” which would probably be a council decision.

INITIATIVES

Economic Development

Commissioner Murray said Southern Carolina Alliance (SCA) has said there is “a lot of activity happening,” including “pretty big projects that are happening regionally that could have an impact “on Beaufort County, though they’re not in our backyards.” He and Commissioner Keyserling attended the SCA annual meeting, and there is a lot of advocacy happening now for the region. Again, this is “not specifically in Beaufort County,” but he thinks it will have “some significant economic impact” in the long-term for Beaufort County.

Beaufort County Economic Development Corporation (EDC) had a board meeting last week, Commissioner Murray said. They have identified Commerce Park as the place for “2 sites to be developed, at least pad-ready,” and potentially for building a spec building “at some point.” EDC met with city staff and identified the 2 sites in the park, he said. The EDC is working with SCA to do the wetlands delineation on the sites and to work through some regulations and permitting.

Cleanup of the Oliver’s Bushhogging site in Commerce Park is underway, Commissioner Murray said, and Hargray will start the fiber install in Commerce Park in the next few months.

The Beaufort Digital Corridor (BDC) board has approved a marketing RFP and will put a plan out into neighboring markets, Commissioner Murray said.

Commissioner Murray discussed the “PollPit” project through the ImpactX program at the College of Charleston. The PollPit team placed second in the competition, he said. **Matt D’Angelo**, a BDC board member, invited the students to come to Beaufort for the summer. Lowcountry Rotary helped to subsidize this, Commissioner Murray said. The students have an LLC and a business plan, and a developer is building the app. They are fundraising via Go Fund Me. He said BDC has met with USCB about whether a program like ImpactX would work there, and the university is very excited about it.

The USCB student housing is coming along, Commissioner Murray said, and it is on-track to open in August. Occupancy is what was expected, and Bluffton student housing is full, so overflow will be encouraged to come to Beaufort. It may not be full this fall in Beaufort, he said, but another phase of housing is planned. Both buildings will house about 96 students. There are honors college programs in nursing and biology, Commissioner Murray said, and there may be a second cohort of the nursing program. The hope is that these students will stay in Beaufort after graduation and make a positive economic impact, he said.

Commissioner Murray said on Fridays, the BDC is open to the public for free co-working.

Infill and Housing

Commissioner McFee said there has been a walkabout on Greene Street, and the group has been working on letters to property owner about incentives; interest is already being

generated.

Commissioner McFee said Greene, Washington, and Duke Streets are all different from one another, though they also all have “similar issues.” Crime has been reduced in all 3 areas because of people moving into properties that were formerly vacant, which means there are “eyes on the street.”

Commissioner Cromer said Beaufort Housing Authority’s Duke Street project went before staff today for final approval of the drawings. The Habitat for Humanity property on Mossy Oaks is on-track to start construction in late fall, he said.

Ms. Johnson said both Beaufort Housing Authority projects on Duke Street and at North Street and Ribaut Road would be built at the same time.

Commissioner Keyserling said he had talked to **Victor Dover** about the idea of creating bike trails through the city, and Mr. Dover sent him a proposal that designates east/west streets where there have been complaints about speeding as “bike-friendly streets,” which calms traffic.

Downtown

Commissioner N. Sutton said it was great to see the new day dock used for DragonBoat Beaufort. The event was “perfect,” she said, and allowed the community to see up-close how the teams and the boats work.

Commissioner N. Sutton told Chairman Verity that the day dock has made a difference in the amount of boats downtown on day-trips. Q on Bay has created a day dock menu, she said.

It was very hot during the last First Friday event, Commissioner N. Sutton said, and the activities didn’t have the pull that the First Friday with the car show had. The July First Friday will be hot again, and Bay Street won’t be open, so attendance might be lower for that one, as well.

Three new businesses are opening downtown, Commissioner N. Sutton said: Island Lavender Company, Beaufort Bread Company, and a fudge shop. It concerns her that there are 7 real estate companies downtown. Commissioner N. Sutton agreed that Hearth Wood-Fired Pizza & Eatery is doing wonderfully.

Commissioner Lesesne said business has been good at The Anchorage, though the restaurant business has fallen off a little since the spring because it’s too hot to eat outside.

Commissioner Murray said Breakwater is now open for lunch. Commissioner N. Sutton said there would be a popsicle shop downtown, and Commissioner Murray said there would be a new coffee shop next to Mr. Ken’s.

Commissioner Keyserling said he feels there needs to be a discussion about parking and

reducing the speed on “Baby Boundary” by “10, if not 20, miles an hour.” Commissioner Murray described “tactical urbanism,” which is a way to “use planters or cones or . . . toilet bowl plungers to mark off bike lanes and parallel parking,” etc. in order to “change [the] behavior of drivers.” He suggested they could have a 2-month trial of this, pending DOT (Department of Transportation) approval. Mr. Prokop said they might not be able to get approval from the state or the sheriff’s department (Emergency Management) to reduce the speed because of it being an evacuation route; the city has “budgeted to test it,” though.

Commissioner Keyserling said he knows the DOT and the sheriff’s office are cautious, but if there were on-street parking there, when there’s an emergency evacuation, the cars couldn’t be there, and if they were, they would be towed. Chairman Verity said that’s the way it is on Carteret Street.

Commissioner M. Sutton referred to the presentation by the Friends of the Spanish Moss Trail about the extension of the trail, and said it might be worth looking at the cost of taking back some of the east/west roads in the center of the city from DOT. If the city doesn’t own the streets, it can’t make the kind of changes it might like to make, he said.

Boundary Street

Mr. Prokop said Boundary Street is 99.08% done, and the really good news is that it will come in \$400,000 below the contracted price without touching the contingency or the reserves.

Commissioner Keyserling said there would be an opportunity to appoint someone to the Beaufort-Jasper Water Sewer Authority board. There are 3 active candidates. When the interviewing process starts, he thinks this will be a good opportunity to find someone who’s “more of an advocate” for what the City of Beaufort wants (e.g., impact fees).

Commissioner Murray made a motion, second by Commissioner McFee, to adjourn the meeting. The motion passed unanimously, and the meeting ended at 7:00 p.m.