



*Beaufort County Comprehensive
Plan*

Economic Development



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Introduction

The Economic Development chapter serves to provide an analysis of the current economic prosperity of Beaufort County and make recommendations to develop an environment capable of sustaining our existing economy and quality of life. Yet at the same time, this chapter provides a roadmap to programs designed to generate new and alternative job opportunities and an increased tax revenue stream to enable the county to support and deliver essential services.

Beaufort County's economy is far-reaching and benefits from our existing economic drivers – tourism, the military, the retirement industry, residential development, education, and healthcare. The importance of maintaining these industries is vital to our community and acknowledged in this chapter. However, key recommendations to preserve and develop the appropriate environments to sustain the region's quality of life which attracts these industries are covered in depth in the Cultural Resources, Natural Resources and Land Use chapters of this Comprehensive Plan.

The recommendations of this chapter focus on how to build on the county's existing assets while diversifying the economic base. The future depends upon quality job creation that allows citizens to find reasons to remain or settle in Beaufort County in employment that requires knowledge, talent and training and compensates with higher-paying jobs.

Overview

Located in the heart of the Lowcountry, Beaufort County is home to the historic City of Beaufort and the popular resort community of Hilton Head Island, as well as three military bases. It is also situated midway between the celebrated cities of Charleston and Savannah. These attractions, coupled with 30 miles of Atlantic coastline, inlets, rivers and marshlands, has attracted a large influx of new residents over the last decade, making Beaufort County one of the fastest growing counties in South Carolina.

The flood of new residents, some of which are semi or completely retired, and the tremendous growth in tourism, has driven the rise in resort, residential and commercial development, which has in turn created a predominately service-related workforce and a growing population in need of more County services.

The long-term success and viability of Beaufort County depends upon the creation of a larger, more diversified business tax base creating quality jobs for the County's citizens. Beaufort County is well positioned for an aggressive effort to pursue the larger business base while maintaining the quality of life elements that have allowed it to be such an attractive location.

History

Prior to 2001, economic development in Beaufort County was the responsibility of the Beaufort County Planning and Development Corporation. As the County began to witness a rapid increase in population, primarily at that time from early retirees, they recognized the need to attract more business and industry to the area to help diversify the tax base. With the support and assistance of the business community, the Beaufort County Council felt the time was right to reorganize and grow the County's economic development function and voted to separate the economic development operations from the County and form a not-for-profit organization called the Greater Beaufort-Hilton Head Economic Partnership.

On February 7, 2001, the Greater Beaufort-Hilton Head Economic Partnership, Inc. was created as a successor organization to the Beaufort County Planning and Development Corporation. The Partnership, established as a public-private partnership with a Board of Directors that represents government and the private sector, is a South Carolina not-for-profit organized to serve as the economic development arm of Beaufort County. Beaufort County Council authorized the organization to negotiate economic development inducement packages to businesses considering locating in Beaufort County, with the goal of diversifying the County economy while preserving the community's quality of life.

In September 2007, the Partnership completed an extensive marketing and branding analysis study and concluded that the organization would be better represented to its internal and external markets as the Lowcountry Economic Network. The Board of Directors endorsed this new identity and the Partnership is now officially doing business as (dba) the *Lowcountry Economic Network*.

Mission

The Lowcountry Economic Network is a fully connected resource that fosters and manages current and future economic prosperity while maintaining the Lowcountry's atmosphere and lifestyle. The Network's mission is to promote and assist with quality growth and economic development through an alliance with the private sector, creating career path opportunities and expanding the business tax base of Beaufort County.

Goals

The goals of the Network are to reduce the ever-growing burden of residential property taxes on the citizens within the County by strengthening and expanding the business tax base and to provide quality, value-added jobs for the residents of Beaufort County.



Economic Analysis

Beaufort County is fortunate to enjoy one of the lowest unemployment rates in the state as well as the four-county area. However, even with a relatively low unemployment rate, wages invariably do not meet the state average. A large concentration of the working population is employed in traditionally low-paying industries such as retail, leisure, hospitality and trade. Many others seek jobs in the construction field, which although traditionally paying a higher wage and bolstering area employment in the early years of this decade, has seen a decline due to the ongoing downturn in the housing market.

The Lowcountry's unique geography and quality of life has driven the rapid rise in the region's population, particularly in Beaufort County. Much of this population increase has come from early retirees or those persons semi-retired who either telecommute or travel periodically to a major metropolitan area to work. However, considerable portion of their incomes is derived from high-earning pensions, dividends and investments, or consulting fees, coupled with government payments. This increase in a high-earning population has caused per capita income levels to accelerate and rank Beaufort County with the highest per capita income in the state, as well as to be the only South Carolina county to exceed national per capita income levels.

Invariably, rather than analyzing demographic disparities, poverty levels or average annual wages, per capita income is the only measurement taken into consideration by state officials when formulating economic development incentives, or when state and federal funding allocations are made. Therefore, it is imperative that Beaufort County support economic development initiatives that will attract capital investment and high-wage job creation opportunities from outside the county and state, as well as legislation to amend current economic development and social funding measurement qualifications.

Key economic indicators are reviewed in this section to give a snapshot of the County's population and incomes, which ultimately affect the business climate. An in-depth analysis can be found in Appendix 7-A.

Income and Employment

As is evidenced in the following data, a large segment (nearly 55%) of the working (excluding active duty military¹) population of Beaufort County falls into the top four industry sectors - accommodation and food services, retail trade, health care and social assistance, and construction industries (Figure 7-1). Unlike many areas of the state or nation, these particular industries comprise Beaufort County's 'base' economy. Base activity refers to the production of goods and services that are exported outside the local area, whereas non-base activity refers to goods and services produced locally for local consumption. Beaufort County has a higher percentage of these base activities due to the in-migration of retirees, new residents and tourists as they have earned income and accumulated wealth from outside of the County and an associated purchasing power.

Figure 7-1: Beaufort County Workers By Industry Sector and Total Wages

Description	Total Emp.	% of Emp.	Total Wages (in millions)	% of Wages
Accommodation & Food Services	10,798	18.02	\$49.8	10.71
Retail Trade	9,640	16.08	\$58.7	12.61
Health Care & Social Assistance	8,108	13.53	\$55.7	11.97
Construction	4,323	7.21	\$43.6	9.38
Other Services (except Public Administration)	3,838	6.40	\$27.3	5.88
Administrative, Support, Waste Management & Remediation Serv.	3,501	5.84	\$23.9	5.15
Public Administration	3,428	5.72	\$39.9	8.57
Professional, Scientific & Technical Services	2,757	4.60	\$46.1	9.91
Real Estate, Rental, & Leasing	2,662	4.44	\$24.2	5.21
Educational Services	2,645	4.41	\$ 5.9	1.28
Arts, Entertainment, & Recreation	2,293	3.83	\$12.2	2.63
Finance & Insurance	1,562	2.61	\$22.6	4.85
Transportation & Warehousing	1,087	1.81	\$ 8.8	1.89
Manufacturing	915	1.53	\$ 8.9	1.92
Information	747	1.25	\$11.5	2.47
Wholesale Trade	706	1.18	\$10.9	2.34
Management of Companies	447	0.75	\$10.0	2.16
Agriculture, Forestry & Fishing	320	0.53	\$ 2.7	0.58
Utilities	160	0.27	\$ 2.3	0.49
TOTAL	59,936	100.00	\$465.2	100.00

Source: JobsEQ ® Data as of 4th quarter of 2008

¹ These data are based on the Quarterly Census of Employment and Wages (QCEW) provided by the U.S. Department of Labor, Bureau of Labor and Statistics and exclude members of the armed forces and the self-employed.

However, in order for an economy to grow the more traditional base economy, industries that generate wealth from beyond county lines (manufacturing, finance, technology, etc.), must be actively facilitated and recruited. Appendix 7-A (pages 19-24) expands in detail the differences between base and non-base industries and the importance of both to the local economy.

While wages for these industry groups comprise nearly 45% of the total wages earned, the average wage per worker, with the exception of management, tends to be low, which in turn can lead to a greater need for and dependence on social and government-funded services, as well as lower levels of spending which reflect poorly on sales tax revenues. (Figure 7-2)

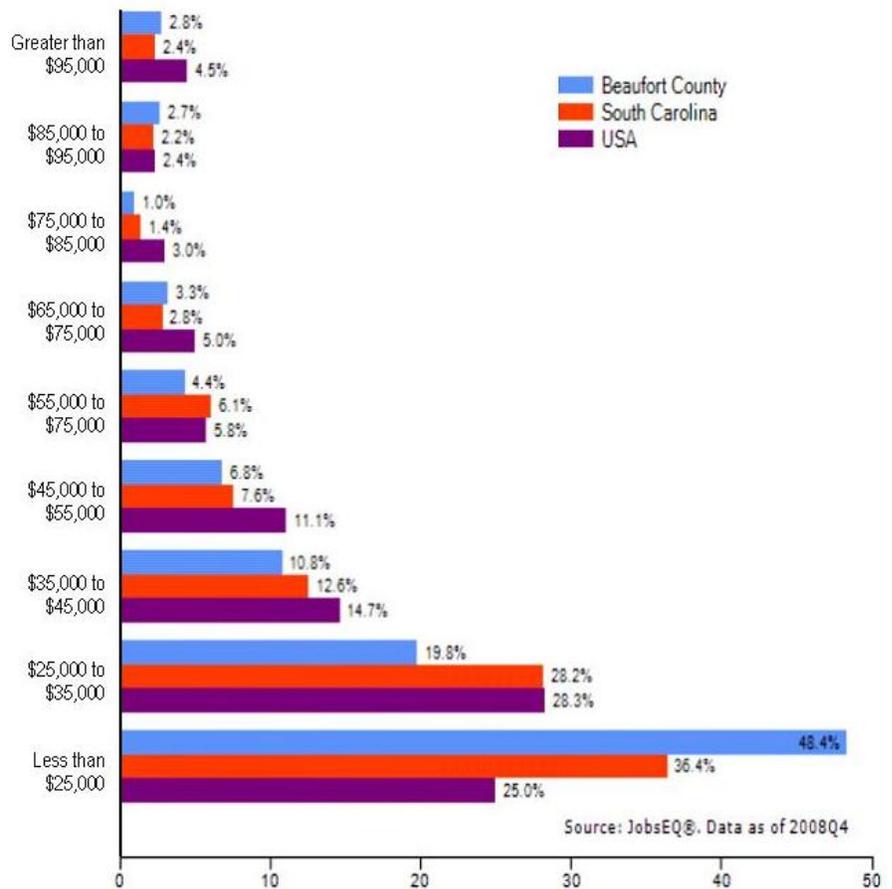
Figure 7-2: Beaufort County Wages by Industry

Industry	Average Weekly Wage (in dollars)
Accommodation & Food Services	353
Arts, Entertainment & Recreation	399
Retail Trade	463
Administrative & Support & Waste Management & Remediation Services	498
Other Services (except Public Administration)	540
Educational Services	550
Transportation & Warehousing	649
Real Estate & Rental & Leasing	700
State Government	702
Health Care & Social Assistance	719
Construction	730
Manufacturing	733
Federal Government	823
Local Government	832
Information	1,014
Professional, Scientific & Technical Services	1,075
Finance & Insurance	1,080
Total-- Private & Government	619

Source: JobsEQ ® Data as of 4th quarter of 2008

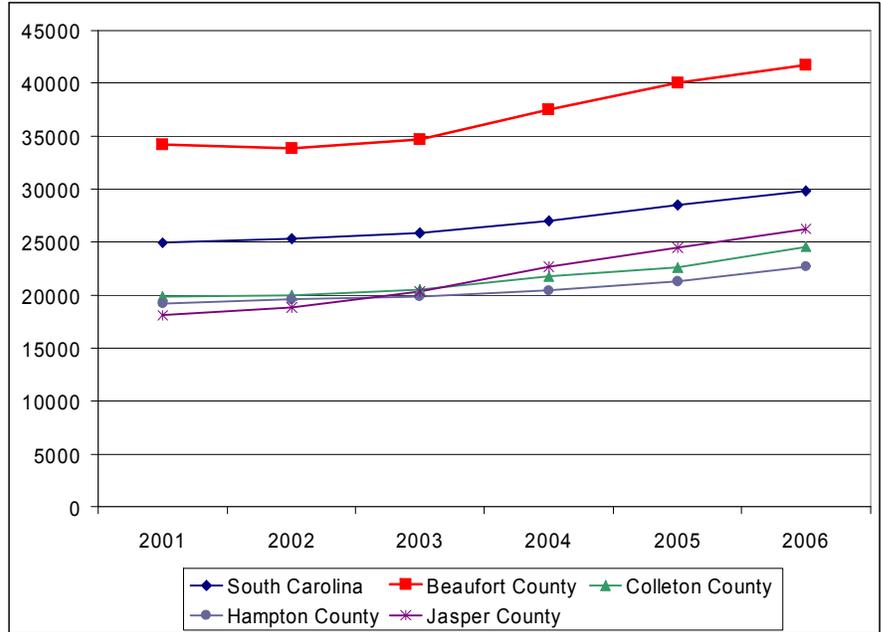
Figure 7-3 further emphasizes the high percentage (43% earning less than \$25,000 per year) of Beaufort County citizens that earn below average wages, especially compared to earning levels across the state and the nation.

Figure 7-3: Wage Distribution by Percent Employed



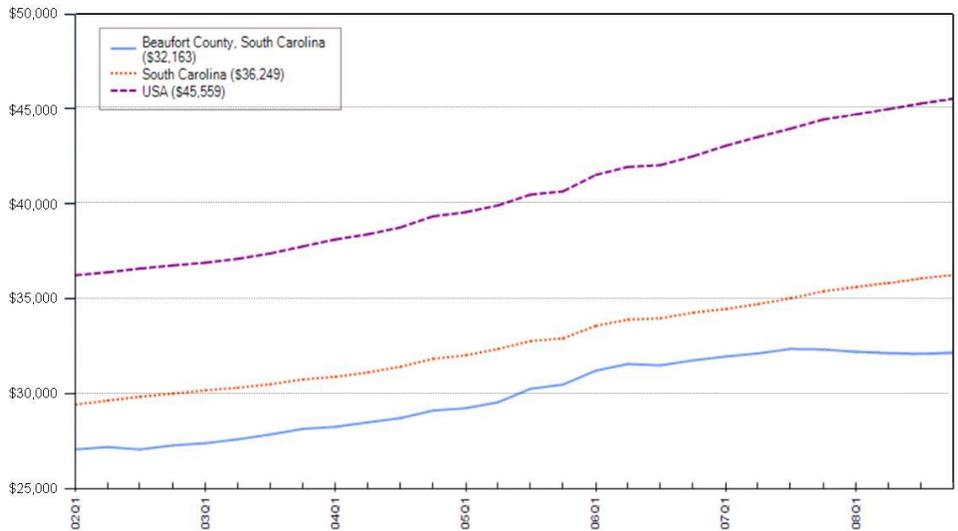
The disparity in incomes is highlighted when comparing annual wages to per capita income levels. While Beaufort County leads the state and the four county region in per capita income (Figure 7-4), the County lags behind the State and the Nation in average annual wages (Figure 7-5). The dialogue and data contained in the Broad Economic Overview of Beaufort County section of Appendix 7-A expand on these differences.

Figure 7-4: Comparison of Growth in Per Capita Income



Source: US Department of Commerce - Bureau of Economic Analysis

Figure 7-5: Comparison of County Average Wages to State and National Averages



Source: JobsEQ® Data as of 4th quarter of 2008

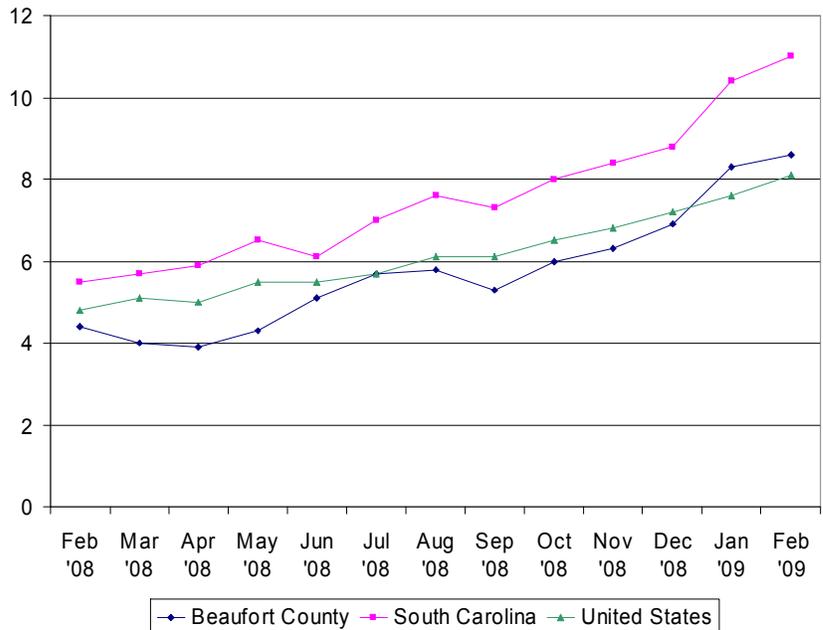
Economic Impact of Military Installations

Although not counted in the data shown, it is important to recognize the significance of the military presence on Beaufort County’s economy. An overview of the economic impact of Marine Corps Air Station (MCAS) Beaufort for Fiscal Year 2008 shows a total figure of over \$561.5 million. The Department of Defense is one of the largest employers in the County, and the direct economic impact in 2008 included salaries of more than \$152.7 million. Therefore, it is important to foster a continued military presence by creating a supportive environment and by attracting advanced military technology and ancillary businesses.

Unemployment

The current recession has caused some of the highest unemployment levels in this area in many years (Figure 7-6) and low-paying industries are often the first to be affected. Therefore, as the economy begins to recover it is even more important to expand the County’s base (export) sector to include industries that generate wealth from beyond its borders. These industries are discussed in the Developing Business Climate section of this chapter.

Figure 7-6: Comparison of Unemployment Rates





Conclusions

Beaufort County is in need of new economic development that provides good wages and opportunities for our workforce, and helps diversify our economy. This may include attracting clean business and industries, capital and investment from outside the County and South Carolina, which in turn will ensure the continuance and quality development of our region's existing base industries.



Current Business Climate

Beaufort County is well situated between the ports and airports of Charleston and Savannah, and is close to the proposed Jasper Port terminal, Interstate 95, and the major east coast rail corridor. The quality of life is high and the County is increasingly a destination for early retirees from eastern metropolitan areas. Baby boomers are considering the location prior to retirement in hopes of relocating before property values skyrocket out of their price range. This makes the Lowcountry an attractive option for boomers who own light manufacturing, distribution and logistics operations, professional, and technology-based businesses.

For many years, quality of life has been driving growth in Beaufort County from a tourism, hospitality and subsequently construction perspective. The family which bought a vacation or second home, is now looking for a way to make Beaufort County their permanent residence, often long before traditional retirement age. Moving part or all of their existing business would expedite that transition. The problem is they do not know how to go about it and what resources are available to make it happen.

Existing Business

During the past few years, several small, light manufacturing businesses have moved into Beaufort County and recently the Town of Bluffton was able to attract a national organization that provides diagnostic imaging management services for health insurers. The introduction of these new industries is important, as the once traditional industries of Beaufort County and the Lowcountry – agriculture, fishing and forestry - are on the decline, although efforts to revive and utilize the output from these industries is covered in more depth in the Cultural Resources chapter of this Plan. As outlined in the Workforce section of this chapter, the County is fortunate to have an established professional and skilled workforce such as those in the legal, financial, government, education and healthcare industries or certified trades such as electricians, plumbers, etc., as well as businesses closely tied to our military installations. However, a large proportion of local business is tied in some part to the tourism and service-based industries – hotels,

restaurants, retail – or construction, and is market driven. While professional level and military related commerce remains mostly unaffected, the slowing economy has caused a major downturn in construction affecting many skilled trades persons, and a decline in tourism has occurred.

Existing Business Owners

Currently, over 80 percent of the County’s prospect traffic is driven initially by lifestyle choice. This market has been and will continue to be a target for Beaufort County as it brings in the higher-wage jobs and capital investment conducive to our existing economic climate and quality of life priorities, but it can be a difficult market to tap. Many of these business owners live or own property in the numerous gated communities within the County. They either continue to work away from the area to their existing business, returning when they can, or telecommute, unaware of the potential to move their business operations to Beaufort where they have already chosen to live.

Business License Fees

Every for-profit business operating in Beaufort County, including the municipalities, is required to pay an annual business license fee based on a percentage of the organization’s annual gross income and calculated on a specified classification scale. While some businesses have objected to the business license fee and/or the rate, the imposition of such fees is not unusual in other counties or states. However, simplifying the process for all businesses, regardless of their location or where their business is conducted within the County, would be advantageous. Consideration should be given to standardizing the rate and classifications across the County and its municipalities as well as the possibility of flexibility in certain rates for incentive purposes.

Available Product

In 2006, the Network acquired 175 developable acres for light to moderate industrial and commercial business at the Beaufort Commerce Park. While the Park is in a desirable and convenient location, no buildings are available for a business looking to expand or relocate. The shortage of warehouse or light industrial space available for immediate occupancy in Beaufort County is critical causing prospective and existing companies to look to other counties or states to meet their needs.

Conclusions

Although both construction and tourism will regain strength as the economy recovers, it is important for Beaufort County to take steps to recognize and encourage growth in the County’s existing and emerging industries, as well as attract the type of business that can sustain the

economy well into the future. As the County begins to focus on specific economic development areas, it will be important to create a business friendly environment. One such step would be to develop flexibility within the business license fee program for companies that fit the County's four economic development focus areas - Distribution and Logistics, Aeronautics, Knowledge-Based, and 'Green' (see Developing Business Climate section) as well as standardization of rates and classifications. The County should also take steps to designate properties that are currently under municipal or County control that can be offered to relocating businesses.



Developing Business Climate

The southeast portion of the United States remains the population growth area for baby boomers relocating to warmer climates in preparation for retirement and younger generations making job location decisions based on quality of life elements in this mobile technology based economy. This population surge and shift in how businesses are making decisions requires the traditional economic model to be overhauled.

Regional Focus

Economic development can be defined as significant capital investment by businesses delivering quality jobs that pay at or above the state average wage. It is important to diversify the type of business development in order to sustain the overall local economy. When prospective businesses visit they are interested in what sets the area apart from the rest of the country – product depth and variety and the Lowcountry’s quality of life – they do not and should not take into account county lines. Recognizing that opportunities which could greatly benefit Beaufort County may well lie minutes away in an adjacent county, Beaufort County recently took the initiative to join forces with Jasper County and formed the Lowcountry Economic Alliance. Plans are moving forward to include Hampton and eventually Colleton counties. The purpose of the Alliance is to create economic opportunities that will benefit the citizens of the now two, and ultimately four-county region.

Target Industries

As we take into account the business opportunities and attractions Beaufort County and the region has to offer coupled with advances in technology and changing global economies, the Network, working on behalf of the Alliance, has identified four distinct target industry areas.

Distribution & Logistics: The I-95 corridor continues to be the artery that feeds economic activity in this region as well all the major components of an intermodal system with port, rail, and highway infrastructure access. The Savannah port continues to grow, and the

states of South Carolina and Georgia are moving forward with the development of a bi-state port - the Jasper Ocean Terminal. The new port will support the 'Panamax' ships arriving via the Panama Canal and will create increased shipping capacity and a competitive global advantage. The port will be located in Jasper County on the Savannah River and completion is expected by 2014. The ability for Beaufort County to position product near I-95 for distribution and logistics industries is critical in order to capture economic investment and job creation in that growing market.

Aeronautics: Beaufort's Marine Corps Air Station (MCAS) is positioning itself to house the next generation of fighter jet - the F-35 Lightning II, or Joint Strike Fighter. With the arrival of these jets, businesses that support the Joint Strike Fighter will follow and ancillary development around the base will grow. With the Network owning 150 acres at the Beaufort Commerce Park adjacent to the air station, Beaufort County is well positioned to handle the businesses that these jets will bring. MCAS personnel are equipped with significant aircraft maintenance training and high-tech skills, which, as they retire from military service, creates a ready-made workforce to staff aeronautics and precision industries.

Knowledge-Based Industries: With the constant advancements in technology and the expanding global economy, business today can be conducted from virtually anywhere. A knowledge-based business is often thought of purely in its conventional form – computer programming or software engineering. While this is often a correct definition, a more detailed description is an establishment that creates an end product that is primarily dependant upon the professional and intellectual expertise of its workforce and the translation and distribution of its product to various markets. Therefore, a knowledge-based business can encompass professions such as architecture and finance, a call center or a business focused on, technical writing, healthcare, or even art and design. As noted in Appendix 7-A (pages 23-24), some residents and businesses are likely turning to nearby urban centers for some of these services when they are not available locally. This also leads to potential loss of local revenue. For example, many residents travel to Charleston or Savannah for medical services that could potentially be provided locally. Knowledge-Based Industries are environmentally friendly, attract high-wage jobs, and can locate almost anywhere provided the necessary infrastructure is in place. As people tire of traditional city living, they invariably look to relocate to a coastal region such as Beaufort County that offers a superior quality of life. A knowledge-based workforce tends to primarily be comprised of a younger population – 25 – 34 years of age. This key demographic tends to be environmentally conscious and attracted to an area that offers 'quality of place'. They will select the location first, then the job. This requires that the right mix of housing choices, cultural and recreational activities and transportation alternatives are available.

Green Industries: The benefit of green building is gaining recognition nationwide (see Chapter 9: Energy). As protecting our natural resources is a top priority for our region, it is important to capitalize on this movement. Not only will green construction practices help us protect these important resources, it will benefit both the local economy and our environment. Beaufort County needs to adopt initiatives and incentives that promote the use of green technology and construction principles. Public buildings that adopt green practices in remodeling or new construction, as well as in day-to-day operations, encourage the market. The result will be that ancillary businesses that serve the green industry, both through production and maintenance, will follow.

Conclusions

It is important that Beaufort County diversify its tax base and create good jobs for its citizens. The County is fortunate to already have a solid foundation in its military presence and the development of the Jasper Port Terminal. Both position the area well to attract new business from the aeronautics and distribution and logistics industries. Knowledge-based and Green businesses are the way of the future. Beaufort County needs to ensure the right product, infrastructure, permitting processes and incentives are in place to attract these industries and enable them to quickly establish a presence.



Incentives

Beaufort County’s direct competition exists up and down the southeast coast in communities with similar growth patterns and quality of life elements. From Jacksonville, Florida to the coasts of Virginia, companies weigh the pros and cons of relocation. State incentive programs, as evidenced by the example contained as Appendix 7-B comparing South Carolina to its neighbors in Georgia and North Carolina, remain fairly comparable, with each state aggressively marketing to site selectors in order to remain in the forefront with key corporations.

Existing State Level Incentives

Under South Carolina state law, counties are vested with the authority to grant incentives to reduce the property tax liability of a potential investor, and/or offset the infrastructure related expenditures of that potential investor.

Qualifications: The state of South Carolina’s offers various statutory and discretionary incentives to companies looking to locate or expand in any county of the state. However, qualifying criteria is based on the per capita income of the proposed destination county. Due to the number of retired or semi-retired residents of Beaufort County that have relocated to the County from high-income parts of the country, Beaufort County’s per capita income ranks the highest in the state and immediately reduces the incentives available to a prospective company (See Figure 7-4). This also means that Beaufort County is less competitive when it comes to securing grant funds and funding allocations for economic development related infrastructure and project development.

Corporate Headquarters: At the end of the 2008 South Carolina legislative session, an economic development bill included an amendment to the existing law governing incentives for organizations wishing to locate a headquarters facility in the state. The new law now allows a Limited Liability Company (LLC) to be eligible for tax incentives that were previously only available to incorporated companies. One of the key criteria an incoming headquarters must meet in order to qualify

for tax credits is the creation of a minimum of 40 new headquarter jobs which must earn twice the state per capita income. This qualification can be excessive, particularly as companies streamline their human resources.

Jobs Tax Credit: The Job Tax Credit (JTC) is a statutory incentive offered to companies, both existing and new, that create new jobs in the state. The credit is available to companies that establish or expand corporate headquarters, manufacturing, distribution, processing, qualified service-related, or research and development facilities. This credit is extremely beneficial for companies because it is a credit against corporate income taxes, which can eliminate 50 percent of a company's liability. Currently, the state has no provision to make this credit available to knowledge-based businesses, which today make up a large proportion of companies looking to relocate.

Fee-in-Lieu: Expanding or relocating companies may also be able to negotiate a Fee-in-Lieu (FILOT) of property taxes, which can greatly reduce their property tax liability. Although a state-level program, this property tax incentive is offered at the discretion of local governments. Companies investing as little as \$2.5 million dollars may negotiate this exemption with the county in which they locate. This 20-year incentive creates significant savings for companies by lowering the assessment ratio from 10.5 percent for manufacturers to as low as 6 percent. Furthermore, the millage may be held lower than if the property were not under a FILOT.

Multi-County Park Agreement (MCIP): In an effort to further attract businesses to the state, a county may establish a Multi-County Park Agreement. Under an MCIP agreement, two counties agree to partner and share property taxes with the partnering county. The agreement also raises the State's Job Tax Credit available to employers by up to \$1,000 per job, with no liability to the county. Investors seeking a Fee-in-Lieu often request an MCIP agreement. Currently, the Beaufort Commerce Park and the Technology Park at Buckwalter Place are both included in a Multi-County Park Agreement between Beaufort and Jasper Counties as well as certain properties in the City of Beaufort. Plans are in place to include additional parcels in the City of Beaufort as well as the Town of Port Royal.

Infrastructure Credits: Infrastructure credits may be offered in tandem with a Fee-in-Lieu or as a standalone incentive. Credits, which are taken against an investor's property tax liability, may be utilized under state law to offset an investor's qualifying infrastructure-related expenditures including improvements to utilities serving a project site, real estate expenditures and costs relating to improving real estate.

Existing Local Level Incentives

Development Permitting: A streamlined permitting process is increasingly a critical factor for companies looking to expand or relocate. Beaufort County Planning Department has taken the lead by creating a Development Agreement, which outlines the land use, environmental protection, and permitting regulations governing the Beaufort Commerce Park as well as neighboring industrial parcels. This Development Agreement greatly accelerates the planning and permitting process for organizations developing in the Park. To further enhance the Development Agreement and expedite the development permitting process, the Network has worked with the Beaufort County Planning Department to design an expedited permitting flowchart, which significantly reduces the current permitting time. (See Appendix 7-C) At this time, the flowchart process is available only to properties contained within the Beaufort Commerce Park Development Agreement. However, it is hoped that this process will eventually be extended to govern all property in Beaufort County deemed a priority for economic development. The establishment of such a process will make the prospect of developing in Beaufort County more attractive.

Conclusions

State and local incentives play an important role in the decision-making process when companies look to expand or relocate. Regardless of economic or market changes, it is critical that incentives are reviewed and updated on a regular basis to attract the right industries for the state and our region as well as keep pace with the changing face of business and industry. The state should seriously look to upgrading their incentive package, particularly when it comes to the current Per Capita Income qualification and the minimum headquarters jobs creation requirements. The addition of a specified definition for Knowledge-intensive businesses should be included in the list of businesses qualified for the state Jobs Tax Credit, and to encourage green building practices, an additional tax credit should be included in an MCIP agreement for companies whose new construction meets LEED and Energy Star standards. At the local level, green and sustainable development projects meeting economic development requirements should also be encouraged by streamlining the review processes, as well as creating fee reductions and waivers, and building height or density bonuses.



Workforce

Over the past 10 years, Beaufort County has seen significant growth. The quality of life aspects have attracted many retired or semi-retired individuals to the area, particularly to the southern portion of the County. However, the area has been criticized for its perceived lack of an available workforce trained to meet the skills of today's emerging industries.

Existing Workforce

Beaufort County's working population can be divided into three diverse groups: professional, military and unskilled labor and each brings with them pluses and minuses.

Professional and Skilled: These individuals are experienced, well educated, and hold senior positions in government, education, and healthcare or in other key professions such as law or finance. Many of these citizens have moved to the area from out of state and some still commute, or telecommute to their place of business. However, this demographic is aging and leaving the workforce. Skilled trades persons such as plumbers, electricians, etc. maintain a strong local presence, but the decline of the construction industry has significantly reduced their ability to find sufficient new work to sustain their businesses.

Military: In addition to enlisted personnel, Beaufort County's active military bases employ over 1,800 civilian residents. Each year, over 600 Marines retire or transition out of the Marine Corps Air Station (MCAS) and some 10,000 retired military personnel live within a 40-mile radius of Beaufort County. Former military are a tremendous asset to the region: their specialized training and discipline has equipped them with expertise in information technology, aeronautics, engineering, logistics, etc. and an extremely strong work ethic. The bases also inject an additional valuable resource into our workforce – military spouses. However, because of the transient nature of military life, many military spouses, although often well educated, find it difficult to secure employment.

Unskilled: As noted earlier, the southern portion of Beaufort County has witnessed tremendous growth. This growth has led to the development of both the tourism industry and retirement communities, which in turn has created job opportunities much of which have been in the low-paying service, food or retail industries. For many of the citizens living in rural northern Beaufort County, faced with minimal economic opportunities in the rural areas, seek employment in the tourism or service-based fields. This particular demographic is poor and, while willing to work, often lacks basic levels of reading and math to seek even an entry-level position in anything other than the service industry.

Cottage Industries

As our population becomes more aware of sustainability and protecting the environment, a workforce opportunity emerges that could help citizens who once worked on or still own small farms or fishing businesses. Rising food and fuel prices along with concerns surrounding the safety and quality of mass-produced food products has led to a growing interest in purchasing and consuming locally grown and produced food. Farmers should be encouraged to produce food items not only for local farmers' markets and grocery outlets, but also for local and regional restaurants as well as school, hospital or other institutional cafeterias (see Chapter 6: Cultural Resources).

Education

Both the University of South Carolina campuses at Beaufort and Bluffton, as well as the Technical College of the Lowcountry are growing rapidly and expanding their facilities and curricula and offer affordable academic and technical programs leading to four-year and associate degrees, diplomas, and certificates. Beaufort County's K-12 schools and the Academy for Career Excellence offer programs designed to prepare the County's young people for college or a meaningful career. However, the region's shortage of employment opportunities other than tourism or the service industry often causes high school and college graduates to seek employment in other regions that offer more interesting and higher-paying jobs, or may not provide sufficient motivation to stay in school. Both situations add to the region's deficit of a young and educated labor pool.

Emerging Workforce Groups

Successful economic development initiatives depend on an available workforce equipped with the skills to support the challenges of today's changing and emerging industries. On the one hand, Beaufort County is suffering from an aging workforce, particularly those highly skilled or in the professional field; and an unskilled labor pool on the other. However, with the proper programs in place, two available workforce pools already exist – military and unskilled. The hundreds of locally

based active military are equipped with highly specialized skills frequently sought by today's businesses. Their spouses also, are invariably well educated. Military personnel historically retire at a much younger age than traditional industry groups, thus creating a much-desired young and talented labor force. Our lower skilled labor pool is hard working and willing to learn a new trade, but lacks the time and resources to acquire the necessary training. They are rooted to the community by culture and family ties and want to remain close by, yet still attain a better standard of living.

Workforce Housing

As house and land prices continue to escalate, many of our residents find it increasingly difficult to find a home in which they can afford to live. Such a high-priced environment is not conducive to attracting new business or the young professional community. It is important to recognize that without affordable housing, our workforce will look for job opportunities outside the area where they can afford to live. Affordable housing is also vital to the delivery of essential services to our community. Teachers, firefighters, and medical personnel are increasingly finding it difficult to afford to live in Beaufort County. Workforce housing needs are analyzed further in Chapter 8: Affordable Housing.

Conclusions

The pool of retiring military puts Beaufort County at an advantage to target the four key industry groups identified earlier, especially the aeronautics industry. By encouraging retired military to remain in the area, their spouses can also seek employment in professions such as healthcare and education, industries that are growing rapidly but at the same time suffering from the retirement of baby-boomers.

The County's unskilled workers need the most assistance. A mechanism must be developed to assess their education levels, provide any necessary remedial education and develop transferable skills. In order to achieve this goal, Beaufort County must create an environment ready to foster and attract businesses in the identified target industries.

Beaufort County should develop and support programs that create marketing opportunities and outlets that encourage and develop local agricultural and seafood farming industries.

Additionally, all of the County's educational and social resources need to work together with a regional perspective. The County's higher education institutions and K-12 system should tailor their educational offerings to equip our young people with the skills essential to fill the employment needs of today and tomorrow, and, most specifically,

coordinate curriculum and school-to-work training with economic development efforts.

Finally, in order to attract new business and a younger workforce and provide inexpensive housing options for many of our existing citizens providing vital services to the community, Beaufort County should adopt zoning policies that call for a variety of affordable housing options, preferably in a mixed-use environment which would include retail, social and recreational elements.



Land and Infrastructure

In an effort to expand the boundaries for a commercial and industrial presence in Beaufort County, the Network continues to identify strategic sites throughout the region that demonstrate geographic or locational advantages in furthering economic development. Land has already been acquired and prepared for development at the Beaufort Commerce Park, and other viable property is available at Beaufort Town Center, Buckwalter Place in Bluffton, and the Millennium Center in Port Royal. These and other properties have been placed in Multi-County Park agreements helping to make them more attractive to prospective businesses. Despite these efforts, the County still falls short, especially when it comes to existing space suitable for light industry or warehousing purposes.

Jasper Port Terminal

As the region prepares for the onset of the Jasper Port Terminal, it must be ready long before the first ships dock. Studies are underway to identify the immediate need for highway and rail access, but it is equally important to identify, acquire and develop property suitable to meet the needs of the distribution, logistics, and warehousing industry, which will be a key element of the port's operations. As the Port of Savannah looks to expand, the need for additional logistics and warehousing property will exacerbate the space requirements of the already overburdened Savannah area. Therefore, in addition to companies needing space adjacent to the Jasper Port Terminal, other companies will be looking for logistics and industrial parks within a short distance to the Savannah port. These companies in turn will create spin-off businesses, intensifying the need for speculative buildings, commercial and retail space.

To help meet the region's need for speculative space and commercial or industrial land, Beaufort County has formed an Alliance with Jasper County. This is a positive strategic move and will enable both counties to capitalize on the growth at the existing ports of Savannah and Charleston as well as the new Jasper Port Terminal. When looking at a particular geographic area, prospective businesses rarely consider county boundaries. The Alliance affords the ability to offer product in

either Beaufort or Jasper County. As port traffic expands together with growth along the Interstate 95 corridor, Beaufort County should support the expansion of the Alliance to include Hampton and Colleton Counties.

Airport Infrastructure

When employers and businesses consider expanding their operations, proximity to a commercial service airport or a first-class general aviation facility is among the top factors they consider. Airports located in close proximity to business travelers' final destinations provide added value and flexibility to their schedules in today's highly competitive global market place. Recognizing this benefit, many national and international corporations cite the convenience of a commercial service or general aviation airport as a major factor in determining where to locate their executive, operations or manufacturing facilities. Beaufort County is fortunate to have a commercial airport on Hilton Head Island and a General Aviation facility at Lady's Island Airport as well as developable land on or adjacent to each facility. But, both airports face serious issues. Wider and extended runways, improved navigational systems and an increase in the number of or the addition of secure hangars are minimal requirements for both airports to bring them up to current safety, design and capacity standards and avoid loss of business and tax revenue. Neither airport can accommodate mid-size or larger commercial jets or the more modern, but actively used, corporate charter jets, all of which require a runway length of at least 5,000 feet from a safety, and insurance, perspective. It is important to the economic vitality of Beaufort County and to recruiting new business that the County expedite the completion of the Airport Master Plans, initiated in 2009, and consider the recommendations in a timely manner.

Conclusions

Beaufort County stands to benefit from its proximity to Interstate-95 and the ports of Savannah and Charleston. The new Jasper Port will increase the County's economic development opportunities for the next 20 or more years, yet its geographic placement will not overburden our environment or quality of life. It is imperative that Beaufort County joins forces with the Lowcountry Economic Alliance to prepare itself, the region and its infrastructure ahead of the new port's opening, and the Port of Savannah expansion. This means acquiring and developing land for logistics and distribution purposes and ensuring no roadblocks exist in the zoning and permitting process. Critical to the economic future of Beaufort County is the upgrade and expansion of both the County's airports, as well as the development of each airport's infrastructure. Without both, companies will look to relocate elsewhere, even tourism will slow, and the County's revenues will decline.



Recommendations

The recommendations proposed in each chapter of this Comprehensive Plan have one common theme: a strong desire to preserve and enhance the key driver of Beaufort County’s community and economy, our quality of life. The goals of the Economic Development chapter are no different. The recommendations are intended to protect the County’s assets, which not only include our environment, history, and culture, but also its base economy of tourism, the military, residential development, and healthcare; while at the same time creating opportunities to build upon these assets and bolster the economy with new and environmentally friendly businesses.

Recommendation 7-1: Current Business Climate

Beaufort County is in need of new economic development that will complement and promote its current base economy and which draws capital and investment from outside the County and South Carolina, provides good wages and opportunities for our citizens, and increases tax revenues. To assist the economic development efforts of the Lowcountry Economic Network, Beaufort County should:

- Consider the flexibility to develop a business license fee reduction program as an incentive for companies that fit the County’s four economic development focus areas. Fees should be reduced based on job creation and capital investment.
- Consider the standardization of business license fee rates and classifications across Beaufort County and each of its municipalities.
- Beaufort County should ensure that there is a sufficient quantity of suitably located land zoned for non-retail commercial uses that promote the region’s economic health and diversity. Non-retail commercial uses include the following: business parks, research and development centers, product assembly, distribution centers, cottage industries, and light and moderate industrial uses.
- Together with the staff of each local municipality, the Beaufort County Planning Department should inventory the existing supply of appropriately zoned land available for non-retail commercial development within Beaufort County and its municipalities.

- Where appropriate, expand non-retail commercially zoned properties within the Airport Overlay Districts.
- Provide more flexibility in commercial zoning districts to permit smaller non-retail commercial uses such as small assembly facilities, small light industrial operations, or contractor's offices, that do not adversely impact surrounding retail uses.

Recommendation 7-2: Developing Business Climate – Target Industries

Beaufort County should take the following steps to recognize and encourage growth in the County's existing and emerging industries, as well as attract the type of business that can sustain the economy well into the future.

- Commit resources to construct infrastructure and provide new and renovated light industrial buildings to attract companies interested in locating or expanding in the region.
- Identify properties under municipal and County control that can be offered to relocating businesses.
- Encourage the planning, development and permitting of mixed-use developments which attract young professionals.
- Support the planning, development and permitting of a visual and cultural arts community, which are essential to attracting and retaining young professionals and enhancing the County's quality of life.
- Ensure that all business locations have the ability to offer broadband and wireless Internet capabilities.
- Develop an accelerated building permit process for commercial and industrial projects that intend to meet either LEED or Energy Star certification levels.
- Consider offering incentives such as sustainable development bonuses on height and density for projects that meet LEED and Energy Star standards, as well as fee reductions and waivers.

Recommendation 7-3: State Level Incentives

State and local incentives play an important role in the decision-making process when companies look to expand or relocate. Regardless of economic or market changes, it is critical that incentives are reviewed and updated on a regular basis to attract the right industries for the state and our region as well as keep pace with the changing face of business and industry. Beaufort County should take the following actions to improve state level incentives:

- Support legislation that would amend the current South Carolina economic development qualifying criteria from a Per Capita Income

base to an Average Regional Wage base, which would more accurately reflect the income levels of the region's working population.

- Support legislation to amend the South Carolina job creation qualifications for a company headquarters relocation to allow that, once the capital investment requirement has been met, the minimum of job creation level and Per Capita Income levels be adjusted to require that a minimum of 10 percent of a headquarters' corporate payroll be dedicated to the relocating headquarters' employees who earn twice the state Per Capita Income.
- Support a legislative amendment to include a specified definition for Knowledge-intensive businesses to be included in the list of businesses qualified for the South Carolina Jobs Tax Credit.
- Support a legislative amendment to add a tax credit to a Multi-County Park agreement for companies whose new construction meets LEED and Energy Star standards. The tax credit should be based on the level of green building certification.

Recommendation 7-4: Workforce

To address the County's diverse workforce needs Beaufort County should take the following steps:

- Support initiatives to identify the skills of former and transitioning military and current military spouses, and coordinate job placement with local and regional businesses.
- Beaufort County should fund a permanent full-time Workforce Liaison position. The goal will be to continue the work begun under the pilot program and expand the geographic scope to include all low-income, low-skill pockets of Beaufort County.
- Develop and support programs that create marketing opportunities and outlets that encourage and develop local agricultural and seafood farming industries.
- Support initiatives and policy changes that would empower the Beaufort County School Board, the Academy for Career Excellence, the Technical College of the Lowcountry and both local campuses of the University of South Carolina to work together to develop regional education program designed to match the skills requirements of the County's target industries, as well as coordinate curriculum and school-to-work training with economic development efforts.
- Develop strategies and policies that would promote the development of a variety of affordable housing options to meet the County's diverse housing needs, with particular emphasis on mixed-use environments which are proven to attract young professionals.

Recommendation 7-5: Regional Economic Development Strategies

Beaufort County should support efforts by the Lowcountry Economic Network and the Lowcountry Economic Alliance to increase the available land and infrastructure needed to support the region's economic development efforts and expand the area's marketing reach to our target industries.

- In preparation for the development and opening of the new Jasper Port Terminal and the expansion of the Port of Savannah, Beaufort County should support the efforts of the Lowcountry Economic Alliance to acquire and develop land for distribution and warehousing purposes.
- In tandem with land and infrastructure acquisition, appropriate zoning and fast-track permitting should be in place to encourage and ease the development process.
- Beaufort County should be open to expanding the structure of the existing Lowcountry Economic Alliance between Beaufort and Jasper counties, to include Hampton and Colleton counties.

Recommendation 7-6: Airport Infrastructure

In order to remain competitive with airports in neighboring counties or states and meet key site selection criteria of expanding or relocating businesses or company headquarters, both Hilton Head Island and Lady's Island Airports need to be recognized and positioned as economic development assets. The Beaufort County Airports Master Plan should consider the following economic development goals:

- Update both airports' navigation systems to meet the needs of more sophisticated aircraft.
- Increase the number, size, and capacity of hangars available for long-term and short-term lease. To meet insurance requirements, hangars should be secure and insulated.
- Create incentives – tied to the County's target industries - designed to entice private investment in the acquisition and development of sites adjacent to Beaufort County's two airports.
- Reduce the County's personal property tax rates for registered based-aircraft.