

# Beaufort County Economic Development Organizational Plan

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## About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 29 states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA; and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at [www.camoinassociates.com](http://www.camoinassociates.com). You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociates).

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## Table of Contents

Introduction.....	2
Project Approach.....	3
Prior Report Findings Summary.....	4
Stakeholder Interview Findings.....	6
The Economic Development Dilemma.....	10
Best Practices.....	11
Typical EDO Functions.....	14
101 Things Economic Development Organizations Do.....	15
Alliance Assessment.....	16
Recommendations – Vision & Mission.....	18
Recommendations – Organizational Objectives & Must Haves.....	19
Beaufort County EDC Must Haves.....	21
Recommendations - Organizational Strategy & Work Plan.....	22
Work Plan.....	25
Budget.....	26
Appendix A: Summary of Existing Reports.....	27





## Introduction

For almost two decades, Beaufort County has been unable to create and sustain an economic development organization structure to pursue initiatives that support business investment that could lead to the diversification of its primarily hospitality-based economy. The most recent failure came with the dissolution of the Low Country Economic Development Alliance, a partnership it maintained with Jasper County to promote economic growth.

Under the auspices of that Alliance, several studies were commissioned for the benefit of the County, including a 2011 assessment by Angelou Economics (together with three targeted industry analyses) and a series of marketing plans by Avalanche Consulting in 2014. However, the Alliance's dissolution in early 2015 cast much of that previous planning work into doubt since there was no immediate implementation mechanism in place. County leaders were frustrated by a lack of consensus on both the direction and progress in the economic development domain despite its previous investments in the planning work.

While a hole in the County's economic framework persisted into 2016, some County leaders have suggested to strongly consider joining the Southern Carolina Regional Development Alliance (SCRDA). Doing so is one of two potential new alliance options that would serve to forward the County's economic development interests, but would require substantial financial commitment. Ultimately, that decision was postponed to allow the County to first get clarity and answers on several economic development topics including whether the County should even be involved in economic development. Additionally, other topics needed examining, including: what role should the County play? What partners would need to be solicited? What functions should be devolved off to outside groups? And most importantly, how should the County use its precious resources most effectively?

In deferring the decision on joining the SCRDA, the County formed the Beaufort County Economic Development Council (BCEDC) in mid-2016 with a board comprised of four municipal representatives, one county council representative, and two other representatives appointed by the board. The BCEDC then received approval and funding from the County Council to procure the services of Camoin Associates to advise the BCEDC on how to best structure the new organization, how best practices might help determine what role it should play, the partnerships and alliances it should establish to carry out its mission on behalf of the County, and an estimated annual investment to operate the agency.

To that end, this report provides a two- to three-year plan for the BCEDC's leadership that will lead to a sustained organization and economic development effort. It is anticipated that successful implementation will lead to the County's goals to attract private investment, create new opportunities for innovation and entrepreneurship, diversify its economy to create better career opportunities for residents and become more resilient to potential future natural disasters.

## Project Approach

To achieve the desired outcome, the Camoin team began with a detailed review of existing economic and community plans. These plans were conducted at the regional, county, and local level and identified the opportunities for attracting investment, retaining existing businesses, addressing workforce challenges, and identifying opportunities for revitalizing the County's various municipalities.

Stakeholder Interviews were then conducted with over 40 individuals representing County leadership, businesses, education and training, workforce, Chambers of Commerce, and local and State economic development.

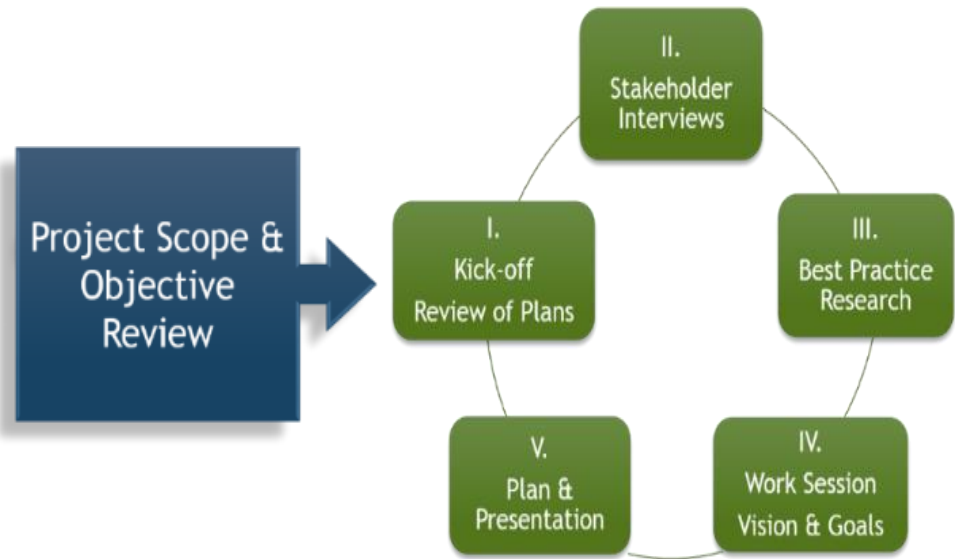
Best practice research was also conducted on the quality and characteristics of high performing economic development organizations and regional alliances around the country. Much of this

work was prepared and published by the International Economic Development Council's (IEDC) Economic Development Research Partners (EDRP), of which Camoin is among its 64 members. Camoin also identified and presented similar situations with communities it has worked with over the years that have experienced similar economic development organizational struggles. These cases highlighted the benefits of achieving greater economic diversification, the financial issues that arise from unbalanced land use development over time, governance issues arising from unbalanced board representation, and the importance of creating an economy with greater natural disaster resilience.

The review of prior plans, stakeholder interviews, and best practice research culminated in a Beaufort County EDC Board work session where the Camoin team presented its findings, facilitated discussion, and began outlining a path forward for the new organization.

Finally, organizational vision and mission statements were developed based on County Council and EDC Board feedback during the presentations and recommendations. These statements addressed board structure and representation, the economic development initiatives to be supported, the role and responsibilities of the BCEDC, staffing objectives, the role and responsibilities of the BCEDC's partners, which regional alliance would best meet the County's needs and what role that alliance should play, and organizational budget.

The final organizational strategy is illustrated through a matrix of initiatives, along with an organizational chart and a year one budget projection.



## Prior Report Findings Summary

Numerous prior plans were reviewed by the Camoin team to understand the context in which Beaufort County sits within the State and region. In addition, a review of municipal reports allowed the team to understand the goals and objectives of the communities within the County. This information was critical to formulating the likely role the BCEDC would have not only in forwarding economic development on behalf of the County, but what local efforts already underway it might support. The regional plans provided research and analysis that supported recommended goals and initiatives that applied to the County, but more importantly the organizational structure and role the BCEDC may have in carrying out priority economic development objectives.

The following prior plans were reviewed. For a more detailed description of prior report findings, please refer to Appendix A.

- Lowcountry Target cluster study
- Lowcountry Economic Assessment
- Lowcountry Targeted Marketing Strategy
- Bluffton Marketing Plan
- Bluffton Comprehensive Plan
- Beaufort County Angelo Report
- Beaufort County Comprehensive Plan
- TCL Initiatives
- Joint Municipal Memorandum

Several relevant themes or findings were garnered from the prior studies and plans. In summary, these plans recommended the following:

- *Provide stronger collaboration with other regions as well as the state to attract new businesses.* Nationally, marketing and attraction of companies from out-of-state and from foreign countries requires a long-term commitment and financial wherewithal. As such, the most effective counties align themselves as part of a region, pooling resources that allow for greater reach and effectiveness.
- *Provide stronger connection to universities/R&D.* Two industries that have driven capital investment in communities and in property around them have included education (university campuses) and healthcare (hospital and medical offices). In addition, both have driven R&D facilities through partnerships with other private entities and institutions. Future investment and job creation, along with workforce development, will continue to be driven by these activities.
- *Establish more coordination with entrepreneurship-focused organizations (SBDC, Score, etc.).* Small businesses have and will continue to drive job growth. While more recently business start-ups have declined, key to any economic development effort must be initiatives that support and grow local businesses that are likely to remain and provide future job opportunities for residents.
- *Better coordinate between tourism and economic development.* Beaufort County's economy is driven by tourism and second homeowner investment and spending. Retail, construction and healthcare are all driven by those vacationing, temporarily residing, or retiring in the area. Like other industries, communities around the world compete for visitor spending and hospitality investment. This industry requires labor and investment in the infrastructure that creates easy and convenient access.

- *Increase private sector involvement in economic development.* At least one prior report recognized the need to increase private sector involvement in economic development as advisors and stakeholders and to help develop innovative solutions to challenges (e.g. public/private partnerships to develop more shovel-ready sites). No group of individuals knows how best to attract and retain private investment and jobs than those that represent private for-profit organizations. Business leaders and developers have firsthand experience and knowledge of the considerations given to placing their time and money in development and business investments. These representatives have an invested interest in the communities and people in which their businesses reside. By the nature of their positions, they are also very effective at developing strategy and delivering results. For those reasons, the most effective EDO's are not only able to engage these individuals, but allow them to be the primary leaders in economic development organizational structure.
- *Establish more coordination among municipalities within Beaufort County.* While there is currently cooperation found among the County's municipalities, there is clearly a need for County economic development leadership to create a unified vision and resources to implement.
- *Address workforce challenges due to aging workforce and stagnation or declines in working age cohorts, low wage jobs, and lack of affordable housing.* Within the region and around the country, the single greatest issue for employers is insufficient quantity and quality of labor. There is a role and need for coordinated leadership that identifies the specific labor needs among county employers and support for the education and training providers charged with preparing the county's workforce.
- *Improve accountability, including the development of better performance measures and the annual calculation of return on investment. "If it's not worth measuring, it's not worth doing".* The investment of public dollars raised by taxpayers must be invested in services and initiatives that provide a return to those taxpayers. Economic development organizations must identify meaningful performance metrics and then measure the results of the investments they make on behalf of the taxing jurisdictions and investors that provide financial support. In addition, these results must be reported regularly to the organization's board and funders and benchmarked against projected outcomes. By doing so, modifications to investments can be made, the allocation of resources can be improved, and trust can be built/maintained by those supporting economic development initiatives.

## Stakeholder Interview Findings

### 1. Tourism, Military and Retail Dominance

As already noted, tourism/hospitality dominates the Beaufort County economy. This industry is also the primary driver of the retail and healthcare sectors. Secondly, Beaufort County's economy is heavily reliant on the economic activity generated by the Parris Island Marine Corp Recruitment Depot, which trains and conducts 43 Marine Corp graduations every year, and the Marine Corp Air Station located in Beaufort, which trains military personnel on the latest fighter jets. Combined, visitation for graduation ceremonies alone is estimated to be between 160,000 to 200,000 annually.

While the County's natural resources and military activities drive visitation, spending, and tax revenue, stakeholders agreed that job opportunities in the hospitality and retail sectors are lower-skilled and paid positions that offer limited opportunities for advancement and income for residents.

### 2. Need for Greater Economic Resiliency

Many of the stakeholders also recognize that the tourism industry's greatest assets are situated along the coast, which is vulnerable to severe weather occurrences that could destroy beaches, buildings, and infrastructure that support it. Many noted that Hurricane Matthew was "a wake-up call" and reminder of how susceptible the County's economy is and how devastating a "direct hit" would be to jobs and County tax revenue.

"A significant direct hit [hurricane] and our economy and communities will be devastated for years to come - Matthew was a wake up call"

"There is not any opportunity for our kids to have successful careers in Beaufort"

"We have executives and lower skilled hospitality workers, and nothing in between"

### 3. Need for Higher Skilled Job Opportunities

Most of the stakeholders recognize that Beaufort County is home to lower-skilled and wage jobs on one end of the spectrum and higher-paid executives on the other end, with not much opportunity in between for middle skill and professional level residents. Furthermore, stakeholders acknowledged that Beaufort County is not currently a place their children could permanently return to after college with long term opportunities for career and income advancement. All stakeholders noted the desire to see the County develop an economy that offered technology-led, professional, and middle skill jobs that would allow their children to return and live permanently after higher education and training.

### 4. Need for Tax Base Diversification

Many of the interviewees raised concern for the County's long-term fiscal sustainability, which they noted derives a significant source of public revenue from hospitality developments and residential second home owners. As noted above, a significant natural disaster, like those that have occurred in other areas of the coastal U.S. in the past two decades, could devastate resort and second home properties and greater reduce tax revenue at a time when public expenditures for recovery would be needed. Regardless, stakeholders recognize the long-term need for the County to become more reliant on other commercial property uses located in less weather-vulnerable areas.

## 5. Different Economic Development Priorities – “North & South of the Broad”

Stakeholders had clear differences in what they believed should be the County’s economic development priorities. As we heard from almost all the interviewees throughout the three days, two issues became apparent. First, opinions about the County’s economic future were a function of geographic location and/or personal and professional experiences. Second, when asked about what the County’s economic development priorities should be, the responses were a very defined set of initiatives. Rarely, if ever, did a stakeholder suggest a broad range of potential solutions to match the varied needs that we found exist throughout the county.

“That river is 500 miles wide culturally, and it leads to different views on how economic development is defined and what direction and efforts we should undertake”

As we learned from stakeholders, the term “North and South of the Broad” represented a sort of cultural or economic development divide that we believe is at the heart of these differences. Furthermore, the debate around these differences has likely been the primary cause of trust erosion among leaders attempting to develop the most effective path forward. **Clearly, communities, residents and stakeholders to the North and South of the Broad River have differing needs and thus differing opinions on the economic development approach that will improve the quality of life in their communities.**

These differences play out in leadership where County Council members, representing their constituent’s, struggle to come to consensus.

Interestingly, the debate among leaders and stakeholders appears to have always been about which economic development approach would be most effective with little recognition that the answer is not one or the other, but perhaps both or all. Based on the review of prior reports and stakeholder interview findings, Beaufort County has a variety of economic development opportunities in marketing and attraction, business retention, small business and entrepreneurial support, workforce development, and tourism.

## 6. Lack of Trust

The decades-long debate and conflict resulting from differing opinions regarding the ideal economic development approach for Beaufort County has led to deep distrust among public officials and stakeholders. Trust is the primary currency in creating and sustaining economic development efforts. It requires sound continuous education, ongoing communication, performance measurement, and regular reporting. Although many commented favorably on the more recent efforts and success of the newly established BCEDC, all interviewees agreed that the historical lack of resolution on how the County should approach and support economic development has only weakened trust among all stakeholders. Rebuilding and maintaining this trust among stakeholders must be priority number one for the new organization.

## 7. Alliance issues – For, Against, and With Whom

Perhaps the single greatest stakeholder issue raised pertained to the question of regional alliance. Most favored the County joining an alliance, but were divided on which regional alliance would best serve the County’s economic development needs. Like others, this topic also appeared to be divided based on “North and South of the Broad”.

South Carolina, like many states, created legislation that promotes the establishment of economic development regions. Counties are strongly encouraged to align themselves with other counties within their region. The purpose

of this legislation is to create more cooperative, coordinated, and efficient economic development initiatives. It is also believed that these alliances are needed to support opportunities for transformational economic change, which typically requires vast political, business, and financial support. More and more states throughout the U.S. are creating this structure so that regions can become more strategic in their economic development efforts, create economies of scale needed to support large scale projects, and to market and attract private investment more effectively.

While some support their county members in other ways, most regional organizations within South Carolina have focused on devoting the combined resources of their members on marketing and attracting business investment. Many of the interviewees correctly raised the concern that the cost for Beaufort County to join an alliance (\$1.00 to \$1.50 per capita), when it did not currently have competitive industrial sites to offer, would not be a smart use of financial resources.

The two alliances suggested by stakeholders included the Southern Carolina Regional Development Alliance (SCRDA) and the Charleston Regional Development Alliance (CRDA). Based on views of the type of economy each alliance represented, stakeholders had differing opinions about which would best serve Beaufort County. The differences in these alliances and their costs and benefits for Beaufort County are examined in more detail later in this report.

## 8. Repercussion of economic development failures - Private Sector Leadership Frustration

Private sector stakeholders were clearly frustrated with the County leadership's ongoing debate and lack of economic development progress. Some commented that they debated participating in the stakeholder interview process believing this would be yet another failed attempt at resolving the problem. While failure does not appear to be an option for stakeholders, most believed that the continued inability to resolve the economic dilemma will likely result in the continued loss of necessary private sector support and engagement.

## 9. Municipal success

Interestingly, in a vacuum of County economic development leadership, the municipalities within the County including Beaufort, Bluffton, Port Royal and Hilton Head have all taken a greater leadership role in supporting economic development efforts within their communities. All four Mayors noted various levels of success, with Hilton Head recently deciding to dissolve its economic development organization. Regardless, all municipal representatives noted high levels of cooperation between each other, but that County support was still necessary.

Their consensus on a suggested path forward for County leaders was outlined in a memo dated February 10, 2016 and submitted to County Council. In summary, the municipal leaders recommended the County undertake the following:

- Determine what the BCEDC should do
- Provide county-wide coordination and be a primary point of contact for external stakeholders
- Direct economic development assistance to municipalities
- Review and reform regulations
- Incentivize the development of workforce housing
- Utilize an economic development consultant to help evaluate the alliance options

## 10. Lack of Competitive Shovel-Ready Sites

As already noted, while there are available commercial and industrial sites within Beaufort County, stakeholder's and the consultant's cursory assessment question the ability of these sites to compete for private investment outside the region. Location to port and highway or rail infrastructure relative to other potential sites in Jasper and other Counties were noted as key reasons for this assessment. A lack of competitive shovel-ready sites calls into question the need for the County to join an alliance, the primary purpose of which should be to attract companies, investment, and jobs to available sites.

Projects that have the most beneficial impact on a community's employment, income, and tax revenue involve private investment in property, plant and equipment. Today, this investment requires low risk (shovel ready, available infrastructure) and access to labor and markets. The absence of commercial and industrial property results in a lack of consideration by companies looking to expand. Recognizing this, some stakeholders acknowledged that before investing in a marketing and attraction effort, the County must first determine the market and financial feasibility of locating and developing (or supporting the development of) a competitive site(s).

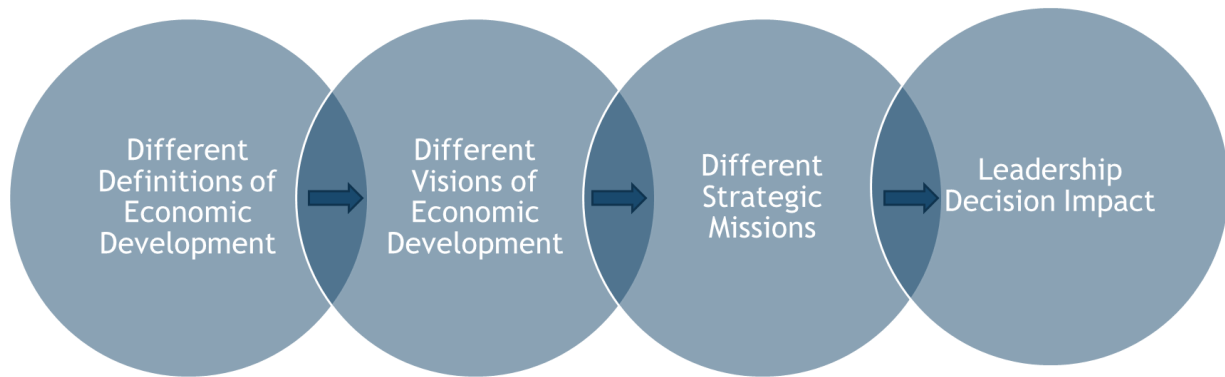
## 11. Getting Prepared for Jasper Ocean Terminal and Other Emerging Opportunities

According to stakeholders, the expansion of the Jasper Ocean Terminal is a transformational economic development project for the region. While the Terminal has been in various stages of planning since 2007, the Georgia and South Carolina ports authorities signed an updated agreement to develop the Hardeeville-located facility in November 2015. Late last year a new round of approximately \$100 million in design work began, and in January of this year the Army Corps of Engineers began the environmental impact statement process for its dockside. The total estimated cost of building the port is approximately \$4.5 billion, likely making it the single largest project in South Carolina if not the entire southeast. Upon completion in the mid-2020s, the Jasper Ocean Terminal **is expected to become the 3<sup>rd</sup> largest port in the United States and the largest on the eastern seaboard.** Access to the facility will be via a new four-lane highway connecting to US Route 17, and rail connections to both CSX Transportation and Norfolk Southern Railway lines.

A preliminary 2008 economic impact report projected that the terminal facility and related properties will employ as many as 7,500 people. This report did not appear to account for the indirect and induced off-site employment that would be created by other secondary businesses supporting the terminal. Given its proximity to Jasper County and the terminal, Beaufort County is likely to experience significant economic opportunities for growth that typically accompany a project of this size and magnitude. Many of the stakeholders interviewed recognized the need for the County to resolve its economic development issues and begin preparing for the opportunities and impacts the terminal will have.

## The Economic Development Dilemma

It is critical that stakeholders, particularly BCEDC board members, County Council representatives, and economic development leaders, understand the dilemma that has plagued the County for so long. The term “North and South of the Broad” used by stakeholders to describe these differing needs has created this economic development dilemma. This dilemma is not uncommon to tourism-dominated economies where their geographies represent differing levels of wealth and economic activity. One after the other, stakeholders described different definitions of economic development, and the programs, initiatives and partnerships they believe would be the most effective for the County. These different definitions represented the needs they saw based on their economic vision, and thus led to different ideas about how to achieve this vision. For some, the economic vision was to see greater middle-skill employment opportunities. That vision for them should be achieved through the recruitment of light industrial companies. Others envisioned a County economy that had greater professional and technology-led businesses and employment opportunities and imagined that resulting from economic development initiatives that supported new innovative technology companies and entrepreneurs. These differences percolated up to County leadership, playing out through County Council which was then unable to come to consensus among its representatives on which vision and mission to support.



While we heard some stakeholders place blame on a “dysfunctional” Council or “lack of strong leadership”, we believe public officials have merely been paralyzed by the vision and mission split among their constituents and stakeholders, most of which were again offering “one or the other” based on their need and experience, rather than being able to see or experience the greater economic development needs of the entire County.

For County leaders, economic development officials, and stakeholders to move beyond this dilemma, it is critical they acknowledge that Beaufort County is going to require a comprehensive economic development effort that addresses the diverse needs of its residents.

## Best Practices

### ➤ Regional Alliances

Camoin Associates conducted research on existing work already completed by the International Economic Development Council's (IEDC) Economic Development Research Partners (EDRP). Rob Camoin serves as an IEDC Board member, while Jim Damicis has been an active member of the EDRP.

In January 2017, IEDC published an EDRP report titled, *"Organizing for Success: Regional Economic Development"*. The intention of the IEDC study was to provide an overview on the growth of regional economic development organizations across the country, the value they provide to their public and private members, the advantages and challenges they are experiencing, as well as to identify best practices around how they are governed and funded and the typical functions they perform. Perhaps its most relevant finding relates to the prevalence of partnerships among EDOs. According to IEDC's "State of Economic Development" survey findings, 90 percent of respondents indicated that they "[had] entered into partnerships or combined resources with other community stakeholders to enhance economic development efforts" within the past year.

According to the January report, "regional economic development organizations are more naturally suited to serve regional economies than individual cities, counties, or states. Regions often provide a better framework for addressing significant and far-reaching economic development challenges and opportunities because their boundaries are typically based on economic considerations, rather than geographic or political ones. Because commuting patterns, supply chains, industry clusters, and labor markets are spread across regions, businesses typically think more about these than about jurisdictional distinctions when determining where to locate."

Regional economic development organizations are best-suited to address issues and opportunities within a region that pertain to prevalent industries economic development projects that have regional impact, and workforce issues. As an example, most of Beaufort County's residents are employed in the County and adjacent counties. Simultaneously, most of the Beaufort businesses employ county residents and residents of those neighboring counties, evidence that the County's economy (while it may appear to be structured differently) is in fact tied by people/labor to those around them.

Area	Workers	Percent
Charleston Regional Development Alliance	3,011	6%
Southern Carolina Regional Alliance	5,206	10%
Beaufort County	35,037	68%
Total Beaufort County Workers 2014		51,943

As the IEDC report findings also suggest, "regional economic development organizations also enable partner communities to leverage resources to achieve economies of scale. By pooling resources, regional EDOs are better able to make more substantive progress on economic development initiatives than individual localities could on their own." The Jasper Ocean Terminal expansion project serves as just such an example of how a significant project within the region has implications for Beaufort County. Projects of this magnitude require regional cooperation, much of which is most appropriately fostered through a regional entity established to look after the interests of its members.

Other advantages regional organizations include the pooling of resources for a more meaningful marketing initiative, as well as a greater ability to lobby and influence state lawmakers to address common needs and opportunities of the region.

While many regional organizations face challenges sometimes caused by the misalignment of a region's objectives relative to those of its individual county members or because it can often have difficulty showing direct results to individual members, the research appears to indicate that greater partnership success is achieved when the following qualities and characteristics are prevalent within a regional alliance:

➤ **Public private partnership**

As stated in the IEDC study, "most regional economic development organizations are structured as public-private partnerships, meaning that interests of both the public and private sectors are served." However, the findings indicate that no two are identical as they are all a product of the collaboration and negotiation that takes place among its members over time.

➤ **Willingness to negotiate and compromise**

Most successful regional organizations recognize the differing needs and opportunities of its individual members and are willing to negotiate and compromise the services it provides and the fees it charges for partnership inclusion.

➤ **Governance**

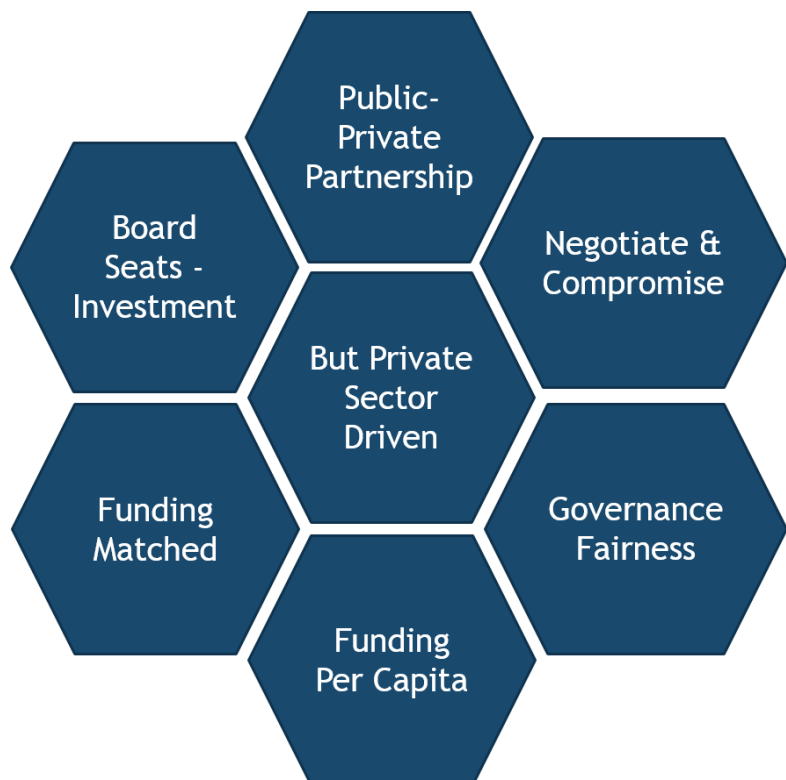
The organization's bylaws are typically designed to create an environment in which economic development efforts can more proactively address the needs of the jurisdictions they serve. Most are represented equally by public and private individuals. This helps to ensure a balance of public-private influence in the governance structure. However, it should also be noted that most regional organizations are primarily driven by the region's private sector leadership and that representation by organizations can be a function of financial contribution.

➤ **Funding**

Based on survey responses, most regional organizations have established a fee structure for public sector members based on population relative to the entire region. These fee schedules range from \$1.00 to \$3.00 per capita. Furthermore, fairness in "pay to play" funding arrangements are often established so that funding contributions are not accompanied by a lack of opportunity to provide leadership and be engaged. Furthermore, public sector contributions are typically leveraged and matched dollar-for-dollar with private sector contributions, providing greater financial resources for advancing the economic development objectives of its regional members.

➤ **High Performing Economic Development Organizations (EDOs)**

As a matter of informing the Beaufort County EDC Board and County Council, reference to additional prior research conducted by IEDC on the quality and characteristics of high performing economic development organizations is also worth noting. Per the research, the more successful EDOs have numerous traits that contribute to their success and sustainability. These traits include:



- **Leadership & Capacity** – Sound and effective leadership with economic development experience, combined with staffing capacity, provide the resources for implementation.
- **Strategic Plan** – Organizations that have developed a strategy based on consensus, sound information, and capitalization on competitive advantages contribute to success.

- **Respond & Adapt** – in today's economy, industries and economies change rapidly. Effective organizations can pivot and respond to that change.

- **Measure & Adjust** – Good organizations measure results to report periodically to their funders and leadership and adjust where they allocate resources based on results.

- **Taking Risks** – Some of the most successful EDOs are led by individuals that are willing to take big, but calculated, risks leading to transformational projects.

- **Trust & Respect** – The greatest currency need for effective economic development is trust. This trait leads to respect and a willingness of partners to be engaged with each other in the resolution of economic problems and the pursuit of opportunities.

- **Customer-Driven** – Like most organizations, meeting client and funder needs is critical.

- **Funding Efficiency** – Both public and private sector financial resources have been scarce during and after the recession. Effective organizations have learned to leverage and become efficient with how those funds are allocated, looking to programs and initiatives that have real results and eliminating those that do not.

- **Strong Alliances/Network** – Having to accomplish more with less has been partially overcome through shared resources via partnerships. Effective EDOs belong to regional organizations and have developed broad networks across the state and region with stakeholders, as well as public and private entities.

- **Communicate** – it is key to inform partners, funders, and stakeholders on economic development efforts and accomplishments. This is typically achieved through annual or quarterly reports, presentations, newsletters, and press releases (to name a few). Communication is also a critical element in building trust.



## Typical EDO Functions

To help inform the BCEDC and County Council leaders, the following list represents the typical roles and core functions inherent in most economic development organizations (EDOs):

1. *Business Retention & Expansion* – This typically includes periodic meetings with local businesses to understand their needs, along with any barriers or other issues that may impede growth like infrastructure, workforce, permitting, financing, etc.
2. *Business Attraction* – Includes the marketing of a community to outside business and development interests. These programs are typically targeted to a particular industry or group of industries in which a community has a competitive advantage and requires a sustained effort over time. These programs are becoming more the responsibility of regional organizations that can combine the financial resources of members in order to achieve meaningful results.
3. *Tourism* – Although often carried out by an organization dedicated to events and visitor marketing, tourism can be a function of economic development organizations with visitor dependent economies. Other EDO roles within tourism include the resolution of infrastructure and workforce issues.
4. *Entrepreneurship* – With small businesses responsible for most new job creation, economic development organizations typically offer financing, training and other technical assistance and services to new and existing entrepreneurs.
5. *Financing* – Access to capital can be a common barrier to growth. Concerned about risk, traditional lenders are often unable to assist a growing local business. Many EDOs establish and manage local loan programs designed to participate in higher risk lending with local banks and/or Federal programs.
6. *Workforce* – Now the single-greatest barrier to growth for large and small companies, economic development organizations have been working with state and local workforce officials and Workforce Investment Boards to develop training programs and career ladders that address specific gaps in labor skills. These programs typically focus on key targeted industries most important to a community.
7. *And More* – Owning and developing shovel-ready industrial sites, streamlining the permitting process, leading a downtown revitalization effort, completing an economic development strategy, or becoming involved in addressing a workforce housing issue are also among the types of efforts and roles economic development organizations can serve in an economy. As the following illustration depicts, these and the many other services EDOs can provide are usually based on the community's individual unmet needs.

# 101 Things Economic Development Organizations Do

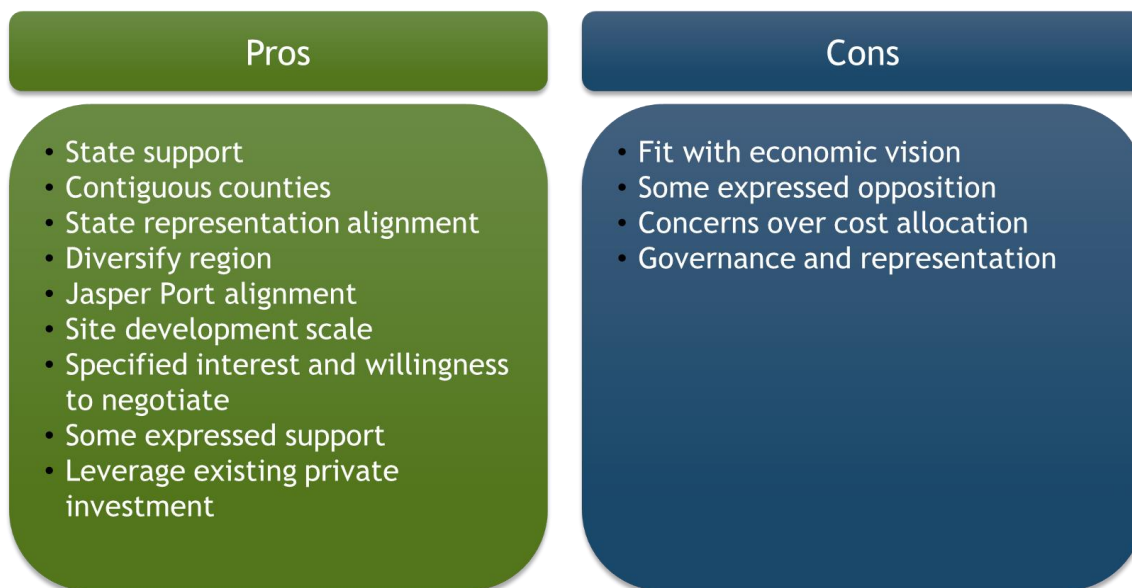


## Alliance Assessment

Perhaps the single greatest economic development organizational issue Beaufort County leaders have struggled with has been the question of whether the County should join a regional alliance and, if so, which of two potential alliances (SCRDA and CRDA) would be best able to serve the County's unique economic development needs. As previously noted, Beaufort County's economic development needs led to two distinct identities and thus a dilemma as to which region of the state reflects its goals and values.

To determine which formal alliance would be best suited to meet the County's marketing and attraction needs, a list of pros and cons was prepared for each of the two options the County could potentially explore. While both organizations have a clear record of success, this assessment served as a useful evaluation tool in understanding the merits of each.

### Southern Carolina Regional Development Alliance



The SCRDA showed a strong interest in seeing Beaufort County join its alliance while there appeared to be stronger interest by the CRDA in determining if their relationship would be the right fit for them and the County. In addition, it would appear from the limited state representation among the stakeholders interviewed that state economic development leaders, while open to options, saw the SCRDA as a more appropriate fit for the County. Furthermore, projects such as the Jasper Ocean Terminal and shared labor shed were indication that, while portions of the County's economy are distinctly different from other member counties of the SCRDA, they are tied to a greater degree economically than to the Charleston economy.

Lastly, perhaps the greatest concern of opponents to the SCRDA was the cost of joining an alliance whose primary purpose is to market and attract investment that is unlikely to find Beaufort County's limited sites attractive. Based on initial discussions the SCRDA appeared willing to provide other needed services and be open to discussing fees.

## Charleston Regional Development Alliance

Pros	Cons
<ul style="list-style-type: none"><li>• High-tech focus</li><li>• Coastal tourism alignment</li><li>• Considered by some to be more like Beaufort</li><li>• Very successful</li><li>• Willingness to listen and maybe date</li></ul>	<ul style="list-style-type: none"><li>• Established partners</li><li>• Partner county similarities</li><li>• May not fit neatly into their current regional vision</li><li>• Seemingly less state support</li><li>• Site assessment and development limitations</li><li>• Potentially competitive with Jasper Port</li><li>• Typical regional partnership issues could be compounded by geography</li><li>• Alliance fee formula</li><li>• Labor shed</li></ul>

The CRDA also appeared to also be an alliance option for the County, and there was a clear willingness to “explore” and “date” to determine how Beaufort County might fit into the vision of its existing county partnership mix. In addition, some stakeholders believe that the tourism-based Charleston area economy was more like that of Beaufort’s and thus better able to understand and meet its needs.

However, proximity and the concern over long-term interest alignment were among the greatest concerns. In addition, while the SCRDA has provided site assessment services to its county partners in the past, the CRDA is primarily a marketing and attraction organization that has left Beaufort with identifying another organization to assist in that eventual effort.

## Recommendations – Vision & Mission

As the stakeholder interview process progressed, common vision themes emerged. Stakeholders first and foremost would like Beaufort County to become a place where its children can return permanently and pursue meaningful careers. They envision an economy that is not primarily reliant on a few strong industries like hospitality, retail and military, but instead one that has greater economic diversity with opportunity for residents to progress in skill and income, and more resilient to significant weather occurrences. In addition, they would like to see the County better-prepared to foster and capitalize on economic opportunities as they arise.

### Vision Statement

The purpose of this study was not to establish an economic vision for the County. That will eventually need to be established through a comprehensive economic development strategy effort. Instead, the following statement illustrates a vision for what the Beaufort County EDC will strive to become:

*The Beaufort County Economic Development Corporation is the lead entity for organizing, structuring and leading economic development efforts on behalf of Beaufort County that will lead to new private investment, better job opportunities for residents, a more diversified economy and healthier tax base.*

### Mission Statement

The purpose of a mission statement is to guide the actions of an organization, spell out its overall goal, provide a path, and guide decision-making. It provides "the framework or context within which the organization's strategies are formulated". It is like a goal for what a company wants to do for the world.

*The BCEDC will achieve its vision by equally engaging public officials, key partners and businesses leaders and participating in an alliance and partnerships that will lead to the effective development of small business growth, technology-led growth, workforce development, light industrial sites, regulatory reform and other economic development initiatives necessary to support a healthy economy.*

#### Vision Elements

- Comprehensive
- Not singular focused
- Economic diversification
- Resilient economy
- Tax base diversification
- Creating professional and middle skill employment opportunities
- A place where tourism, light industrial, high-tech, healthcare, R&D, professional services, etc thrive

## Recommendations - Organizational Objectives & Must Haves

While it was not the purpose of this study to establish economic development goals for the County, it is important to recognize those objectives most noted by stakeholders. These preliminary economic development goals should be considered as the EDC Board proceeds with management and organizational restructuring such as board representation, alliances, and modifying its by-laws.

### Private Sector Leadership

As noted with both the best practice research and stakeholder input, to ensure long-term success the BCEDC will need to include greater private sector representation on its Board. These representatives should comprise key industries and entities that comprise the County's current and future economy.

### Rebuild Trust

The organization will need to rebuild the trust that has eroded over the years. The EDC will need to achieve this goal through sound leadership decisions, progress and success, and ongoing communication with funders and stakeholders.

### Light Industrial/Commercial Sites

Diversifying the County economy and building a tax base that becomes less reliant on residential tax revenue will require increased availability of industrial and commercial properties. Today's market requires pre-approved sites served by highway, water, and sewer infrastructure. These sites are not only critical to attracting new investment, but more importantly essential to serve existing businesses that will need options to accommodate growth. The BCEDC will need to begin exploring whether the County can potentially offer sites that can accommodate current and future needs and, if so, the investment required to support their development.

### Marketing & Attraction

While marketing the County to outside business investment should be supported by the BCEDC, it is critical that a site market and feasibility analysis first be conducted. As noted earlier, attempting to market and attract investment without offering competitive sites is not likely to result in securing new businesses or retaining those looking to expand locally.

#### Goals

- Private sector leadership
- Rebuild trust and make the case for economic development
- Tourism - attractions, workforce and infrastructure
- Sites for existing and new businesses
- Marketing and attraction
- Workforce competitiveness
- Small business support
- High-tech start-up
- Business retention and expansion
- Jasper Port

## Workforce Competitiveness

Across the nation the single greatest barrier to growth industries and businesses is the lack of adequately skilled labor. Whether tourism, healthcare, manufacturing, or professional and scientific services, employment data and business leader interviews all point to this growing issue. While the BCEDC would not be expected to lead initiatives that address these problems, it should work closely with primary and secondary educational institutions and training providers to ensure the needs of key County industries are being addressed.

## Small Business & Entrepreneurship

New business start-ups are down over historical averages due to slow economic growth and tighter lending, but small business continues to be a lead generator of new job creation. Like workforce competitiveness, the EDC should provide a supporting role to existing entities such as the Don Ryan Center which is already providing technical assistance to new and existing businesses.

## Business Retention & Expansion

Perhaps the one initiative that all economic development organizations should undertake, but often are unable to do well, is establishing a sustainable business retention and expansion program. Successful programs require regularly scheduled visitation, the ability to discuss a variety of business needs and issues, a formal Customer Relation Management software system to document and analyze a region's needs, and the ability to work with partners to offer solutions where possible.

## Jasper Ocean Terminal

As already noted, the expansion of the Jasper Port Terminal will lead to considerable new job creation and increase the amount of goods and services flowing through the region. Opportunities for employment and business investment for Jasper and surrounding counties will evolve. The BCEDC should begin to represent the County's interest by participating in state, regional and local meetings with surrounding Counties and partners.

## Beaufort County EDC Must Haves...

Regardless of the goals noted above, the BCEDC must adopt the following best practices to ensure improved trust among County leaders and stakeholders, and long-term sustainability and success of the new organization:



**Measure Performance** – Successful EDOs identify key measurements important to investors, stakeholder and residents. These measures are benchmarked over time to illustrate accomplishments for making better economic development investment decisions.

**Reporting & Accountability** – Reporting on measures to investors and funders is critical to building trust primarily among the County Council.

**Support Local Initiatives** – As noted, in the absence of County participation, several successful economic development initiatives are being led with support from the County’s municipal

leaders. Rather than duplicate or supplant these efforts, the BCEDC should continue to support these initiatives with access to financial resources, grant application assistance, and networking.

**Private Sector Partnership** – High-performing economic development organizations are rarely public sector led and represented. The BCEDC must incorporate new private leaders with experience managing and operating successful enterprises, as well as become a voice for the needs of local businesses.

**Strong Alliances** – Successful EDOs create strong alliances within the region and state. They work cooperatively with other organizations, often finding common issues to resolve or address in partnership, as well as engage others to achieve economies of scale. Marketing and attraction is typically one of the services in which a County can benefit from a strong alliance.

**Comprehensive Approach** – As highlighted earlier, the Beaufort County economy is greatly influenced by both the prevalence of a dominant tourism economy and a more lackluster rural environment. This dichotomy creates a more complex economic ecosystem than one that offers a host of equally prevalent industries. Different geographic areas have different economic needs. As such, the BCEDC will need to support a variety of economic tools rather than look to one primary activity such as marketing and attraction or small business development.

**External & Internal Trust** – Perhaps the most critical “must have”, the BCEDC must strengthen the trust between State, regional, County and business leaders, as well as stakeholders and interested residents.

# Recommendations – Organizational Strategy & Work Plan

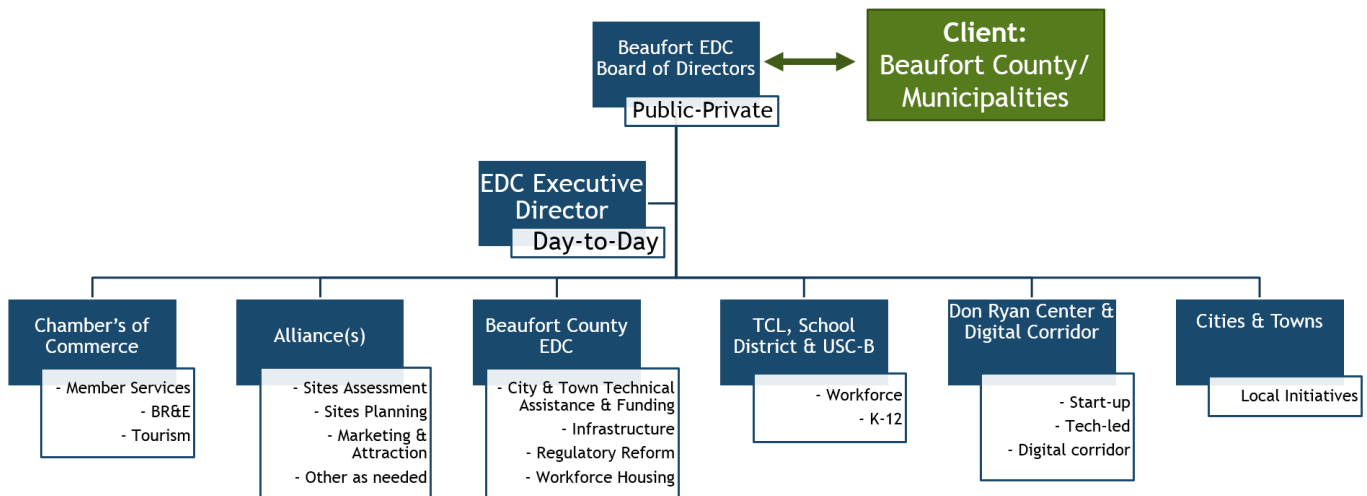
## 1. Establish an Organizational Structure & Work Plan

The chart below highlights three important organizational management and structure recommendations:

First, it illustrates the relationship between the County and the BCEDC. The County, as client or consumer of economic development services, will contract with the BCEDC to provide that leadership on their behalf. The BCEDC will be responsible for building capacity and reporting to the County Council on its economic development measures, initiatives, and progress regularly.

Second, the organizational chart also illustrates the relationship the BCEDC will have with other organizations with which it will contract to provide those economic development services. Those organizations, by contract, will be directly responsible to the BCEDC Executive Director, who is in turn directly responsible to the BCEDC Board. These outside organizations will not have a contractual responsibility to the County Council, but rather the BCEDC. The purpose of this organizational structure is to remove the potential for introducing economic development issues into the County political process, which will likely create confusion, public debate, and eventually the breakdown of trust between partners and stakeholders.

Lastly, what the organizational chart highlights below is the initial strategy the BCEDC will undertake to meet the variety of economic development needs identified through this organizational planning process. The Beaufort County economy has become dominated and reliant on tourism and hospitality. However, other areas and communities within the County have other economic development needs. Furthermore, stakeholders agree that diversifying the economy to create better employment opportunities for residents, a more diversified tax base and an economy that is more resilient to a future natural disaster will require a long-term comprehensive effort. No one of the economic development areas of focus should dominate the allocation of resources just yet. Rather the BCEDC should pursue a multi-pronged approach to economic diversification, which will simultaneously foster greater trust among County Council representatives that must represent the best interests of their constituents.



## 2. Modify By-laws – 50/50 Public-Private Partnership

Based on best practice research, the Beaufort County EDC should modify its governance to allow for greater private sector representation and leadership on its board. These individuals should represent key industries such as tourism,

light industry and small business, as well as real estate, banking, education and training to name a few. Furthermore, the BCEDC should look to these representatives to eventually guide and lead economic development.

### **3. Establish a County Economic Development Vision that is Comprehensive**

While there appeared to be consensus among stakeholders that a more diversified County economy is needed to create better career opportunities for residents, strengthen the commercial tax base, and protect the economy against natural disaster, there was not agreement as to how the BCEDC should achieve that vision.

Before the BCEDC can determine how best to improve the County economic climate as envisioned by all stakeholders, it must first establish its own vision and work plan for the new EDO. Based on stakeholder feedback, that vision and the approach the organization should take to achieve it, must be comprehensive and address the County's various needs. It would not be appropriate or sustainable for Beaufort County to only strive to become an ideal location for large manufacturers or to solely envision it as a place for tourism and small businesses.

Many stakeholders believed joining an alliance and undertaking a marketing and attraction approach would serve as the best method for achieving its economic vision. However, it is clear the BCEDC must first recognize that creating a diversified economy will require a comprehensive and diversified approach. Small business development, downtown revitalization, assisting existing businesses, providing access to capital, addressing critical infrastructure and workforce needs, regulatory reform and site and market assessment are all going to be critical.

As a first step, the BCEDC should adopt an organizational vision, work plan and budget that is supported by the County Council, the municipalities, stakeholders and residents.

### **4. Secure Long-term County Commitment**

It is important to note here that the County Council will be expected to relinquish any existing day-to-day economic development and contractual matters to the BCEDC. As illustrated in the organizational chart below, the BCEDC will contract with the County to act on its behalf to direct and manage economic development. In exchange, the County will expect the BCEDC to put forth this and future plans that will illustrate how the organization will be governed, board representation, initiatives it will pursue, what partner organizations it will engage and contract with for the delivery of services, and a budget and funding plan it will require from the County and other partners.

Before the BCEDC can proceed further, it must first use this organizational plan and recommended initiatives to create a more formal budget to support an initial request from the County Council. Ideally, a multi-year assurance should be requested to allow the BCEDC to be more capable of recruiting an experienced and qualified Executive Director.

### **5. Hire Executive Director**

While the proposed organizational structure and plan calls for the creation of partnerships and alliances to carry out objectives such as business retention and expansion, industrial site assessment, and eventually marketing and attraction, a new Executive Director that serves at the pleasure of the EDC Board should be hired. This individual will act as the lead economic development facilitator, managing the economic development initiatives on behalf of the EDC and be responsible for the budgeting, accounting, and allocation of funds, as well as managing, monitoring, and reporting on the performance of its outside service providers.

## 6. Join Regional Alliance for Site Development & Business Attraction

Based on best practice research and an evaluation of the County's alliance options, Beaufort County should proceed with discussions to join the SCRDA through the BCEDC.

As noted earlier in this report, the County is not yet prepared to reap the benefits of a successful marketing and attraction effort. There is not currently available in the County shovel-ready sites that would compete well within the region for private investment. In addition, the BCEDC needs to determine and provide clear guidance to the SCRDA on the size and type of new business investment that is envisioned by County leaders, stakeholders and residents.

The SCRDA is designed primarily to provide marketing and attraction services on behalf of its County partners. Their purpose is to combine the financial resources to market the region to targeted industries. However, Beaufort County has very different economic development circumstances than those already part of the SCRDA. As such, the BCEDC must first determine if and how the County can accommodate new light industrial and commercial investment. For that reason, the BCEDC will need to work with the SCRDA to modify its services and fee schedule to first provide site and market assessment guidance to the organization, rather than its typical marketing and attraction services.

It is not completely clear how accommodating the SCRDA might be to adjusting its service and funding model to accommodate the County's needs, but discussions should begin in parallel to the other organizational recommendations.

## 7. Look to the Chambers to Outsource BR&E

The Beaufort Chamber of Commerce has already begun implementing a County BR&E program and fielding economic development inquiries on behalf of the County. The Chamber is well suited to lead this effort and it is recommended they continue, but under the BCEDC organizational umbrella. Other Chambers may also be engaged by the BCEDC to provide BR&E, tourism, or other services that may arise.

## 8. Establish Performance Measurements & Reporting

To build trust among funders, leaders, and stakeholders, and to monitor the progress of its partners contracted to provide services on its behalf, the BCEDC should establish specific measurements it will use to track performance, make program or funding adjustments, and report to funders (i.e. County Council, Municipalities, etc.), stakeholders, and the public. These measures may include jobs created, additional tax base, businesses visited and assisted, outside businesses visited, business inquiries, loans approved, etc.

## 9. Provide TA & Funding Support for Local Initiatives

As learned through discussion, each of the four municipalities including Hilton Head Island, Beaufort, Bluffton, and Port Royal have their own economic development initiatives underway. These initiatives are tailored to their individual needs and opportunities. Some, however, will need financial support and leadership as they progress. A new and experienced Executive Director, and the EDC organization leadership, can provide the technical assistance and other support as a partner to help forward these initiatives.

## 2017 Organizational Work Plan

[illegible]

# Beaufort County Economic Development Corporation

## 2017 & 2018 Organizational Budget

	2017 Projected Budget	2018 Projected Budget		
	4 Months	Year 1 Implementation		
		% of Annual	Income/ Cost	Estimated
<b>Income:</b>				
Munis	\$ -	100%	\$ 40,000	
County	\$ 84,000	100%	\$ 330,498	
<b>Total Income</b>	<b>\$ 84,000</b>	100%		<b>\$ 370,498</b>
<b>Expenses:</b>				
Staffing				
Salary & Payroll Taxes	\$ -	83%	\$ 133,333	
Health Insurance	\$ -	83%	\$ 10,000	
Retirement	\$ -	83%	\$ 4,000	
Total Staffing	\$ -			\$ 147,333
Partnership & Alliances				
Partnership & Service Fees		100%	\$ 135,000	
Site Market & Feasibility Assessment	\$ 40,000	0%	\$ -	
CRM Licensing	\$ -	100%	\$ 12,000	
Total Partnership & Alliances	\$ 40,000			\$ 147,000
Office				
Rent	\$ -	83%	\$ 16,600	
Utilities	\$ -	83%	\$ 2,075	
Furniture and fixtures	\$ -	100%	\$ 2,000	
Computer	\$ -	100%	\$ 1,700	
Marketing & Communications	\$ -	100%	\$ 5,000	
Total Office	\$ -			\$ 27,375
Telecom services				
Internet	\$ -	83%	\$ 2,905	
Cell Phone	\$ -	83%	\$ 996	
Total Telecomm	\$ -			\$ 3,901
Travel				
Mileage	\$ -	83%	\$ 3,320	
Meals	\$ -	83%	\$ 1,660	
Lodging	\$ -	83%	\$ 1,245	
Conference Attendance	\$ -	83%	\$ 664	
Total Travel	\$ -			\$ 6,889
Outside Services				
Executive Recruiting	\$ 35,000	0%	\$ -	
Legal	\$ 4,000	100%	\$ 6,000	
Accounting	\$ -	100%	\$ 3,000	
Economic Development Advisement	\$ 5,000	100%	\$ 9,000	
Total Outside Services	\$ 44,000			\$ 18,000
Muni Programming & Grant Support	\$ -	100%	\$ 20,000	\$ 20,000
<b>Total Annual Estimated Costs</b>	<b>\$ 84,000</b>			<b>\$ 370,498</b>
<b>Income/Shortfall</b>	<b>\$ -</b>			<b>\$ -</b>

## Appendix A: Summary of Existing Reports

### Overall Themes:

- Need stronger collaboration with other regions and state to attract new businesses
- Need stronger connection to universities/R&D
- More coordination with entrepreneurship focused organizations (SBDC, Score, etc.)
- Better coordination between Tourism and Economic Development
- Increase private sector involvement in economic development – as advisors and stakeholders and to develop innovative solutions to challenges (e.g. public/private partnerships to develop more shovel-ready sites)
- More coordination needed among municipalities within Beaufort County
- Workforce challenges due to aging workforce and stagnation or declines in working age cohorts, low wage jobs, and lack of affordable housing

### Beaufort County Angelou Report

*Details about other ED partnerships in South Carolina can be found in full report.*

### Key Findings

- Primary roles played by counties engaged in the most effective economic development alliances consist of the following:
  - Financial support to leverage business contributions.
  - Active involvement of both county officials and their appointed business representatives on the regional group's Executive Committee and Board of Directors.
  - Periodic review of economic development results and strategic direction while enabling day-to-day operational autonomy of the economic development organization.
  - Efforts should be placed towards full regional teamwork in competing for good employers and the reduction of intra-County disagreement, which hurts Beaufort County's ability to assist new and expanding businesses.
- Partnership between Jasper and Beaufort should be strengthened.
  - Both counties have complementary competitive assets (i.e. real estate options and workforce). A multi-County alliance is also a necessary condition to qualify as a regional marketing alliance for State of South Carolina cooperative marketing funds.
  - Attraction or expansion of a business in either Beaufort or Jasper County benefits both counties. Revenue sharing of net tax revenues generated from new projects should be investigated and pursued.
- Board processes and accountability:
  - There is a need to improve accountability including the development of better performance measures, and the annual calculation of return on investment.
    - Performance measures need to be developed on an annual basis and closely monitored. These metrics should include economic development results as well as measurement of progress

in addressing any deficiencies in regional competitiveness, i.e. workforce development, real estate options, incentives, etc.

- Collaboratively establish written guidelines to help ensure equitable and effective processes including those used for the handling of prospective new industries.
- Board representation: the size of the Board of Directors needs to be substantially expanded.
  - The County and Region should continue to utilize a public-private sector economic development approach; however, the level of business participation needs to be substantially increased.
  - Should be broad-based consisting of representatives from both counties.
  - The majority of board members should be private sector representatives.
  - Both counties should have the ability to appoint some directors – both business representatives and public officials.
  - Each member city should also have at least one representative.
  - Each community Chamber should be represented on the board.
- Board structure:
  - Develop industry specific task forces to engage private sector
  - Establish a five to nine-member Executive Committee to help handle more in-depth matters. Ensure that the Executive Committee has ample private sector representation.
  - Implement joint task forces and other collaborative approaches in order to address regional issues and to strengthen intra-regional trust.
- Marketing and communication:
  - External marketing to attract new employers in targeted industries: additional sales missions, trade shows, and hosting events need to be undertaken with the strong social media campaign continued.
  - Explore opportunities to co-market with Savannah.
  - An annual economic development summit should be held to address issues and opportunities with broad participation encouraged.
  - Communication of results and approaches should be elevated through a website, periodic newsletters, etc. so that the public is more aware of the importance of economic development as well as what efforts are underway
- Business climate:
  - A strong business retention and expansion program needs to be put in place with findings monitored with the use of Synchronist or another retention and expansion software package.
  - Retention and expansion program findings including ratings of governmental services need to be regularly communicated to the counties and cities.
  - Scarcity of industrial real estate options remains a glaring weakness in Beaufort County, and thus programs need to be undertaken to encourage and support private sector development of market-ready sites and buildings.
  - Conduct an in-depth assessment of County permitting and development review with tangible recommendations for improvements.

## Target Cluster Strategy for the Lowcountry: Report 1, Competitive Analysis (2011)

*Lowcountry defined as Beaufort and Jasper Counties – Beaufort accounts for 86% of the population of the region*

### Economic Analysis:

- Region outpaced national employment growth between 2001 and 2007 but fared worse than the nation in the recent recession
- The share of the population that is employed has decreased as more retirees have moved to the area
- Dominant industries:
  - Government
    - Accounts for 18% of employment
    - Primarily due to Marine Corps installation
  - Healthcare
    - Health services: 11% of employment, created the most jobs between 2005 and 2010 (increase of 25%)
    - Concentration attributable in part to older population
  - Retail
  - Leisure and Hospitality
    - 20% of regional employment; 13,000 jobs in 2010
- Other industries:
  - Manufacturing: very small and losing employment
  - Trade, Transportation, and Utilities: represents 18% of employment
  - Construction:
    - Accounts for 6.2% of employment
    - Lost almost 50% of jobs between 2005 and 2010
  - Professional and Business Services
    - Employs 11% of workers – employment growth is largely flat
  - Information/Telecom industry: relatively small but second fastest growing industry in region (growing by 11% between 2005 and 2010 while industry contracted nationally)
    - Average salary: \$50,000

### Demographic Trends

- Population grew rapidly (32%) between 2000 and 2010
  - Growth driven by people moving to the area
- Migration
  - NYC primary source of new residents in the region
  - Migration trends primarily driven by retirees
  - In- migration slowed during the recent recession
- Age demographics
  - Lower concentration of working age (25 to 64) residents than nation
    - Growth in this age cohort has been flat

- The 25 to 29 and 35 to 39 age cohorts declined between 2004 and 2009
- Income
  - Higher per capita income and household income than US
  - income growth has lagged behind growth in the US from 2007 to 2010
  - While income is higher than national average, wages are lower and stagnant
  - Retirees and tourism have created demand for low-wage jobs
- Educational attainment
  - 34% of region's residents have Bachelor's (above national average of 28%)
  - 89% of residents have HS diploma
  - Education levels varies across the two counties (much higher in Beaufort than Jasper)

## SWOT Analysis

*Based in part on the results of a survey*

- Strengths
  - Some moments of cross jurisdictional, public/private sector collaboration
  - Economic development considered priority (72% of survey respondents want more funding for ED)
  - Tourism industry
  - Natural assets (beauty, location near ocean)
  - Entrepreneurism
  - Military presence
  - Active retiree community
  - Low cost workforce
- Weaknesses
  - Inequality (haves and have nots)
  - Government and political leadership
  - Tax base not large enough to finance new investments
  - Private sector not represented enough in economic development – employer outreach and involvement should be staple of future ED activities
  - Not enough shovel ready sites – lack of spec buildings
- Threats
  - Too little investment in education, infrastructure, and lifestyle amenities
  - Some residents don't understand economic development (don't see that it can be compatible with preserving the natural beauty and social fabric of community)
- Opportunities
  - Employer outreach and involvement should be staple of future ED activities
  - Share economic development vision with community – emphasize that the goal is not sprawl and unrestrained growth but sustainable growth that preserves that community
  - Past ED efforts have focused on traditional strategies (e.g. owning industries parks) – should switch to a more regional approach that includes workforce development and community buy in

- Collaborate with other regions and state to attract businesses to consider the Lowcountry
- Coordinate tourism and economic development initiatives – inform visiting executives of the strengths of the low country as a business destination
- Capture new logistics investment due to expansion of Panama Canal and ports at Charleston and Savannah
- Partner with universities to attract more R&D investment
- Capitalize on retired executive in the area to encourage more entrepreneurial endeavors

*See SWOT analysis by category on pages 23 to 29*

## Target Cluster Strategy for the Lowcountry: Report 2, Target Cluster Selection (2011)

Recommended Targets (more details pages 22 to 40)

- Back Office and Information Technology
- Healthcare and Biomedical
- Light Manufacturing and Assembly
- Logistics and Distribution
- Tourism (but responsibility largely lies with Convention and Visitors Bureau)

Emerging Clusters (have shown rapid growth between 2005 to 2010 despite low concentrations)

- **Biomedical Supplies & Labs (1.0 LQ, 160% growth):** The high concentration of medical laboratories and diagnostic imaging centers in the Lowcountry is a sharp contrast to the low Healthcare concentration. These labs clearly are visited by local citizens that use doctors in neighboring Savannah. The lack of medical distributors in the Lowcountry brings the overall LQ down. Long-term growth prospects for the industry nationwide remain very high.
- **Software & IT (0.2 LQ, 70% growth):** While software companies employ just over 100 workers in the region, this cluster is growing substantially. IT workers are found in every industry of the economy, and nationwide IT is re-shaping industries yet again through new mobile and Web technologies. The industry, as well as IT workers, is expected to see substantial growth in the future.
- **Industrial Machinery (0.22 LQ, 22% growth):** This cluster provides the components and equipment used by final-goods manufacturers. Less than 100 employees are found in Industrial Machinery in the Lowcountry even though growth is high.
- **Research (0.50 LQ, 11% growth):** Research activities in the Lowcountry are increasing, led by growth in various consulting fields. Healthcare (19% employment growth)
- Other:
  - Software/Information Technology (70% employment growth)
  - Electronics (14% employment growth)

### Existing Clusters

- **Culture & Entertainment (1.73 LQ, -2.8% growth):** This cluster is one of the Lowcountry's strongest, with significant employment and high location quotients in a number of subsectors, many directly related to

tourism, including sightseeing tours, marinas, golf courses, hotels, and dining establishments. The Lowcountry has either high LQs or high employment growth in all these subsectors. Ten-year forecasts from EMSI indicate that strong growth is expected in food service and restaurants. A few small subsectors are also expected to see very strong growth – marinas, travel agencies, golf courses – likely a rebound to the severe downturn they experienced from the recession.

- **Retail (1.18 LQ, -2.2% growth):** The retail cluster in the Lowcountry is strong and driven by the tourism industry and retiree community. Food and beverage stores saw significant growth over the past five years, and new home construction is likely the contributor to strong growth at local furniture stores. Long-term forecasts for the retail sector remain relatively high.
- **Government (1.58 LQ, 3.3% growth):** The Lowcountry's high location quotient in Government is primarily due to the presence of the Marine Corps Air Station in Beaufort and the Marine Corps Recruit Depot on Parris Island. While state and local government have low location quotients in the Lowcountry, federal civilian and military employment are both high.
- **Back Office (1.07 LQ, 7.7% growth):** Activities in the Lowcountry are relatively concentrated in administrative services and mail centers, but there has been significant growth in temporary help services and security services. Significant growth in back office is expected for the US.

#### Underrepresented clusters: low LQs

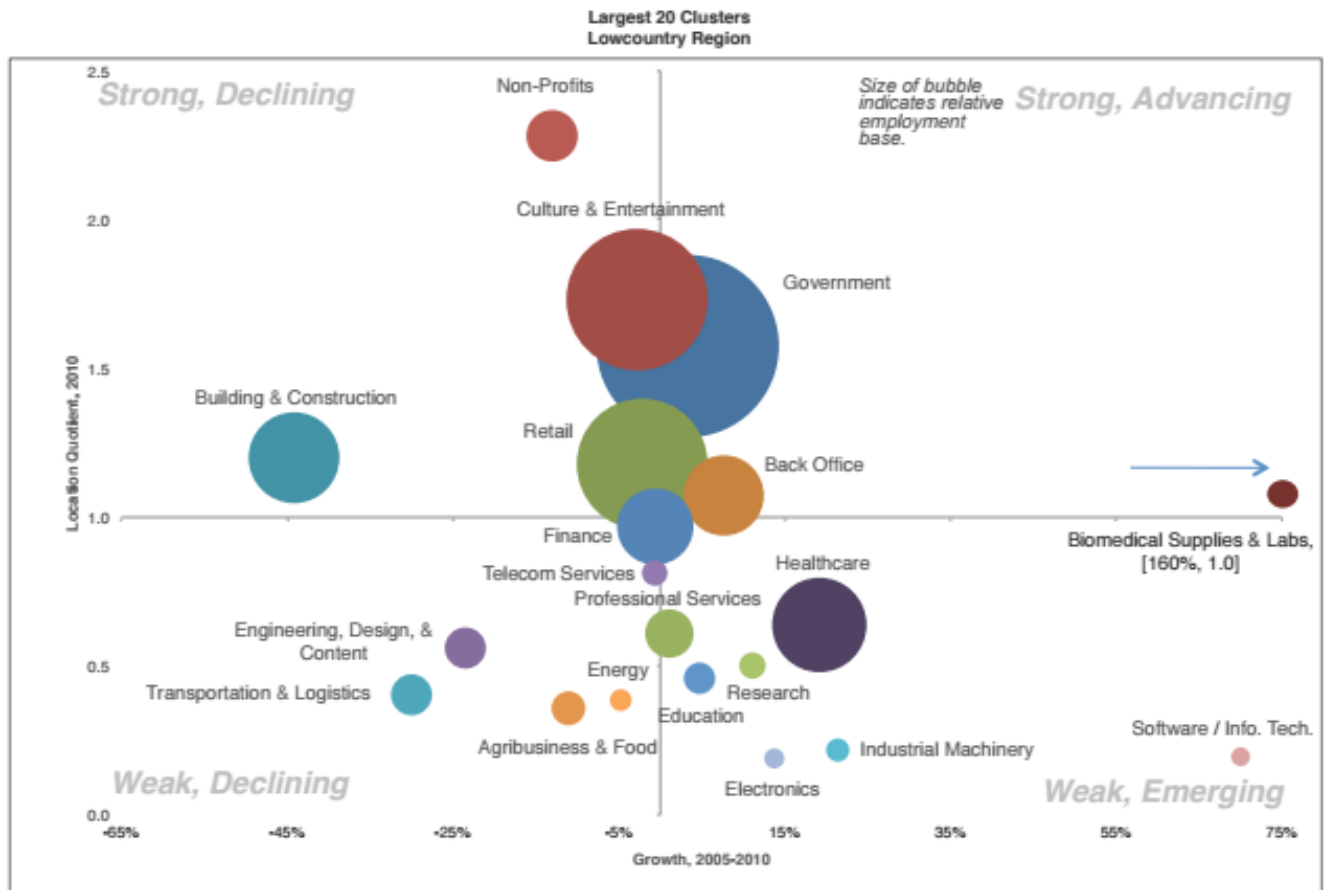
- **Transportation & Logistics (0.40 LQ, -30% growth):** This broad cluster includes all forms of transportation (airports, trucking, etc) as well as the warehouses that store goods in transit. Today, minimal jobs are found in the Lowcountry in this cluster. Long-term growth prospects for the overall US industry are positive.
- **Healthcare (0.64 LQ, 19% growth):** As previously mentioned, healthcare jobs are relatively low (LQ of 0.64) but growth in the Lowcountry is outpacing the US and even neighboring Savannah. Healthcare jobs are over-represented (high LQ) in nursing homes and retiree communities. Although these are not primary jobs, growth in healthcare services could attract other types of businesses that are.
- **Professional Services (0.61 LQ, 1% growth):** Professional Services are often a locally-serving industry that includes lawyers and accountants. For these subsectors, growth has been strong in the Lowcountry and long-term forecasts are very positive.
- **Engineering, Design & Content (0.56 LQ, -24% growth):** This cluster is similar to the Professional Services cluster – it often serves a local need. Design services in the Lowcountry are heavily geared toward the construction industry (architects and interior designers). Because of this, Professional Services and Engineering were dramatically impacted when the recession hit.

#### Transitional Clusters: employ large numbers but in decline

- **Construction (1.2 LQ, -44% growth):** This cluster was the hardest hit by the recession in the Lowcountry, as the housing crisis brought new construction (retiree, second-home, etc) to a near standstill. The industry lost nearly half of its jobs between 2005-2010 in the Lowcountry.
- **Financial (0.97 LQ, -1% growth):** The drop in the stock market and housing prices also affected the financial sector, which is heavily dependent on home sales. Struggling banks have also shed jobs at branches. On a positive note, wealth management services in real estate management services grew their employment substantially in the Lowcountry despite the recession.
- **Non-Profits (2.3 LQ, -13% growth):** Non-profits nationwide have struggled as charitable giving fell with the stock market decline. The Lowcountry's high LQ in Non-Profits is a result of an active retiree volunteer

community. While short-term job losses are understandable, long-term growth in the local non-profit community should remain positive, both nationally and in the Lowcountry.

- **Agribusiness & Food (0.36 LQ, -11% growth):** The Lowcountry is not a location for much food manufacturing, but this could change if the distribution industry expands locally.



## RECOMMENDED LOWCOUNTRY TARGET CLUSTERS AND SUB-CLUSTERS

Core Target Clusters:	Back Office and IT	Healthcare and Biomedical	Light Manufacturing and Assembly	Logistics and Distribution
Sub-Clusters:	IT and Technical Support	R&D: PTSD, Cancer, Diagnostics	Assembly, Kitting	Warehousing Facilities
	Records Management		Military Vehicle Components	
	Medical-Related Back Office		Aircraft / Aerospace Components and Training	
	Regional Headquarters		Green Products	Logistics Management
Future Emerging Sub-Clusters:	Logistics-Related Back Office and IT	Biomedical Supplies		Logistics-Related Back Office and IT
			Industrial Machinery	
Timing:	Immediate	Immediate	Immediate	Mid-Term
Type of Focus:	Recruitment / Entrepreneurship	Recruitment / Expansion / Entrepreneurship	Recruitment / Retention / Expansion	Recruitment

## Target Cluster Strategy for the Lowcountry: Report 3, Cluster Management Strategies (2012)

### Priorities:

- Improve availability of shovel-ready sites
  - Increase availability of shovel-ready sites
  - Plan ahead to preserve the Lowcountry's character and reassure businesses and residents that their investment in the region is going to increase in value
  - Improve telecommunications infrastructure access across the Lowcountry
- Expand higher education offerings in Lowcountry
  - Continue to expand higher education offerings in the Lowcountry
  - Bolster business and community involvement in local PreK-12 schools
- Improve business climate
  - Consider tax incentives and lowering business taxes
  - Increase economic development focus on entrepreneurship and R&D
- Engage in internal and external marketing campaign
  - Strengthen regional collaboration

- Engage in an internal communications campaign that unifies the public's understanding of economic development and its importance
- Better engage the business community in economic development marketing
- Continue to increase defense investment and military contracts in the Lowcountry
- Align tourism and economic development marketing initiatives
- Market to the Lowcountry's target clusters

## Beaufort County Comprehensive Plan

### Recommendation: Current business environment

- Business license fee reduction
- Standardization of licensing and fee requirements across municipalities
- Improve availability of shovel-ready sites
- Inventory existing sites and zoning
- Permit more flexibility in zoning

### Recommendation: developing business climate, targeted industry

- Construct new/update existing buildings, sites, and infrastructure
- Encourage mixed-use development
- Encourage planning and development that attracts young professionals
- Improve broadband infrastructure
- Accelerate building permit process, especially for LEED and energy star buildings
- Offer incentives for sustainable developments

### Recommendation: State level incentives

- Support legislation to adjust ED incentive requirements

### Recommendation: Workforce

- Support veterans and spouses transitioning out of military – connect their skills with employment opportunities
- Fund workforce liaison to connect low income residents to employment and training
- Support programs that market and develop local agriculture and seafood
- Support educational and training institutions to develop programs that meet employers' skill needs
- Promote affordable housing

### Recommendation: Regional economic development strategies

- Support efforts to develop land around airport for industrial use

### Recommendation: Airport infrastructure

- Update airport infrastructure
- Increase the number, size, and capacity of hangars available for lease

- Incentivize development around airport
- Reduce property tax for aircraft

## Summary of Economic Objectives from the Town of Hilton Head Island (HHI)

- Key stakeholders, including members of Town Council, will be interviewed in early 2017 by the consultant the EDC has hired to complete a market assessment study.
- Work with HHI to identify specific targets for the Island and how HHI could support targets for the mainland.
- Develop and maintain a database of available buildings, site and parks for all of Beaufort County.
- Coordinate all recruitment, retention and marketing efforts with supporting organization and State Department of Commerce.
- Develop and promote incentive options.
- Work with USCB and TCL to develop workforce to meet labor demands for target industry.
- EDC packages the deal, communicates and coordinate with the State, County and local communities.
- Local communities are brought in to sell “Quality of Place”.
- The BCEDC should assist with recruiting “quality jobs”.
  - This would include high tech but also other high wage, clean industry.
- The BCEDC should take a lead in coordinating regional collaboration related to economic and workforce development.
  - This would include workforce housing issues, transportation issues and workforce training with TCL and USCB.
- Since there is significant sentiment suggesting that we should be part of an alliance, determine the pros and cons of the question and make a recommendation on if and with whom to partner.

## Joint Municipal Recommendations Memorandum

### Thoughts on Beaufort ED Organizational Strategy

- Provide county-wide coordination and be a primary point of contact for external stakeholders
  - Entity should be primary external face of economic development for all municipalities and areas of Beaufort Co
    - Distribute leads as appropriate to municipalities and local contacts
- Bring together stakeholders from all municipalities to identify opportunities and address challenges
- Direct ED assistance to municipalities – acknowledging that their needs and priorities vary. Examples:
  - Assisting the City of Beaufort with the Beaufort Commerce Park, including investing in a shell building;
  - Assisting the Town of Bluffton by expanding the Buckwalter Place Multi-County Industrial Park (MCIP) district and removing the existing revenue expenditure limit;
  - Assisting Hilton Head Island with much-needed road infrastructure and parks and recreation improvements, as well as specific economic development investments in a light commerce park and an entrepreneurial center; and

- Assisting the Town of Port Royal in the sale, development and marketing of the Port of Port Royal.
- Engage in initiatives that benefit all areas from the county, e.g.:
  - Marketing
  - Workforce development
  - Government relations/advocacy
  - Entrepreneurism
  - Workforce housing
  - Small business coordination and support
- Regulatory review and reform
- Promote workforce housing

## Town of Bluffton Comprehensive Plan

### Priorities

- Develop a high performing Public Development Corporation;
- Develop Buckwalter Place - A Multi-County Business/Industrial Park;
- Support a positive climate for business development investment; and
- Increase the number of diverse businesses and job opportunities within Bluffton.

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