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AGENDA GOVERNMENTAL COMMITTEE (Includes Public Safety Division)

Tuesday, September 2, 2014

4:00 p.m.

Executive Conference Room, Administration Building
100 Ribaut Road, Beaufort

Governmental Committee Members:

Jerry Stewart, Chairman
Laura Von Harten, Vice Chairman
Cynthia Bensch
Rick Caporale
Gerald Dawson
Brian Flewelling
Tabor Vaux

Staff Liaison:

Phil Foot, Division Director

1. CALL TO ORDER – 4:00 P.M

2. QUARTERLY REPORT / LOWCOUNTRY ECONOMIC ALLIANCE MEMORANDUM OF UNDERSTANDING ([budget request](#)) ([memorandum of understanding](#))

3. EXECUTIVE SESSION

A. Discussion of matters relating to the proposed location, expansion or the provision of services encouraging location or expansion of industries or other businesses in Beaufort County.

4. ADJOURNMENT

2014 Strategic Plan: Committee Assignments

Business License Fee: Direction (*Goal Accomplished August 2014*)

Business Retention and Growth Program: Development and Funding

Economic Development Sites Report (Lowcountry Alliance)

Designated Funding Mechanism for Economic Development: Direction

Lowcountry Economic Alliance: Performance/Activity Report and Funding

Referendum(s) 2014 (Capital, LOST, and Rural and Critical Lands): Direction (*Goal Accomplished August 2014*)





TO: Brian Hill
FROM: Kim Statler
DATE: March 14, 2014
RE: LEA Budget Request

Thank you for the opportunity to submit a budget request for your consideration. I have attached our proposed budget for FY2015 and FY2016 to include projections of additional income streams.

As you know, we recently completed a Targeted Marketing Study that provided tremendous insights for us on where we should be focusing our dollars. Specific suggestions were made to increase our efforts in Germany and the UK, Canada, and Ohio/Pennsylvania domestically.

Rather than adding a team of new FTE's to the LEA staff, we are proposing to contract with experts on the ground in the various International markets and add expertise to our team for our Domestic efforts. This will allow us to broaden our reach but provide flexibility as we see markets open and close.

LEA will continue to staff the WorkReady program as we have been asked to do by the State and support the Military Transition program which is vital to our workforce development efforts for existing and new businesses seeking a qualified labor pool.

We are fortunate to have funding partners in the SC State Department of Commerce, private sector members, and the municipalities. Therefore, county investment dollars are being matched and leveraged with other dollars.

We would like to specifically request **\$279,940** from Beaufort County to assist with supporting the above mentioned efforts for FY2015.

Please feel free to contact me with any questions. I have also attached the Targeted Market Study for your reference.

Lowcountry Economic Alliance
Annual Budget

Income		Budget 2015	Budget 2016
State REDO Funding		\$ 150,000.00	\$ 150,000.00
TWEAC Funding		\$ 200,000.00	\$ 200,000.00
Public Investor Funding		\$ 60,000.00	\$ 60,000.00
Private Investor Funding		\$ 57,000.00	\$ 57,000.00
Beaufort County Funding Request		\$279,940.00	\$374,940.00
Total Income		\$ 746,940.00	\$ 841,940.00
Operating Expenses		Budget 2015	Budget 2016
Bank Service Charges		\$200	\$200
Business Insurance		\$1,500	\$1,500
Cell Phones		\$5,280	\$5,280
Dues & Memberships		\$1,000	\$1,000
Employee Business Expenses		\$2,000	\$2,000
Events		\$2,000	\$2,000
Licenses & Registration		\$9,000	\$9,000
Mileage		\$7,500	\$7,500
Office Furniture Equipment		\$5,000	\$5,000
Office Supplies		\$2,000	\$2,000
Postage/Shipping		\$500	\$500
Professional Development		\$3,500	\$3,500
Professional Services		\$54,000	\$54,000
Sponsorships		\$1,000	\$1,000
Staff		\$290,000	\$290,000
Subscriptions		\$100	\$100
Utilities		\$610	\$610
Website/IT		\$5,500	\$5,500
Total		\$390,690	\$390,690
Programmatic Expenses		Year One	Year Two
Trade Missions/Prospect Development		\$36,250	\$36,250
International Marketing		\$60,000	\$120,000
Domestic Marketing		\$60,000	\$95,000
TWEAC		\$200,000	\$200,000
	TOTAL	\$356,250	\$451,250
Total Expenses		\$746,940.00	\$841,940.00

LEA Operating Overview

Administrative

- *Board Member Dev.
- *Membership
- *Financials
- *Audit
- *Minutes/Reporting

Workforce

- *SC Work Ready Communities
- *WIB
- *Military Transition Program (TWEAC)

Biz Dev./Ret.

- *Site Visit Program Execution
- *Database Implementation

Marketing

- *Website maintenance
- *Earned Media
- *International
 - Social Media
 - Domestic
 - Marketing Specialist
- *PR/Announcements
- *Addition of European/Canadian, and NE on-site prospect dev.

Product Dev.

- **Assist with spec building development
 - Assist with land acquisition and product development

Prospect Dev.

- *Incentive Package Development
- *Site visits
- *DOC Coordination



REPORT 3 OF 3: CLUSTER MANAGEMENT STRATEGIES

TARGET CLUSTER STRATEGY FOR THE LOWCOUNTRY

A report prepared for the Lowcountry Economic Alliance
by Avalanche Consulting and McCallum Sweeney Consulting

April 26, 2012

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INTRODUCTION

The Lowcountry *Targeted Economic Development Strategy* was initiated mid-2011 to guide the Lowcountry Economic Alliance's future efforts to boost job creation in the region. Over the course of six months, leaders and residents of the Lowcountry (Beaufort and Jasper counties) worked with the consulting team of Avalanche Consulting and McCallum Sweeney Consulting to examine the region's strengths and identify the industries that will catalyze future growth. The planning process concluded with this report, *Cluster Management Strategies*, which contains an action plan for energizing entrepreneurship, business expansion, and business recruitment in the Lowcountry. It offers specific recommendations for improvements to the Lowcountry's workforce pipeline, business climate, infrastructure, marketing efforts, and other amenities that will position the region for economic growth.

The previous two reports – the *Competitive Assessment* and the *Target Cluster Profiles* – indicate that the Lowcountry has underperformed the US in recent years. A heavy base of secondary employers, such as healthcare, construction, and retail, has made the Lowcountry more susceptible to cyclical economic fluctuations than other regions. **Diversifying the industry base and increasing primary jobs are the goals of this Strategy.**

According to a December 2011 *Area Development* article, a 2011 Brookings Institution report showed that “strong clusters foster innovation through dense knowledge flows and spillovers; strengthen entrepreneurship by boosting new enterprise formation and start-up survival; enhance productivity, income levels, and employment growth in industries; and positively influence regional economic performance.” The Lowcountry's *Strategy* is focused on building industry clusters. This is not a generalized approach to economic development. It lays the foundation for future growth while honing education, policy, and infrastructure improvements for specific sectors to thrive, thus elevating the entire economy.

There are a number of forces converging on the Lowcountry that should give area leaders confidence that this is an ideal time to engaged in a targeted economic development initiative. **It is time to move forward.** Nationally, the economy is beginning to turn around, which means companies that have been waiting to expand finally feel more confident doing so. When they do, they will look to states in the Southeast that are highly competitive in economic development. The Lowcountry region, located on the coast within close proximity to two the of East Coast's largest ports, will inevitably appear on companies' radar screens in their initial evaluations of prospective locations. When this happens, will the Lowcountry be prepared to take action?

This is a Strategy for the entire Lowcountry, not just the Economic Alliance. To turn around the economy and achieve the region's full potential, many organizations from both Beaufort and Jasper Counties – educational institutions, public officials, businesses, and nonprofits – should take ownership in this *Strategy* and work together to implement its recommendations.

About the Project

The creation of this *Targeted Economic Development Strategy* involved three core steps:

STEP 1: Competitive Assessment

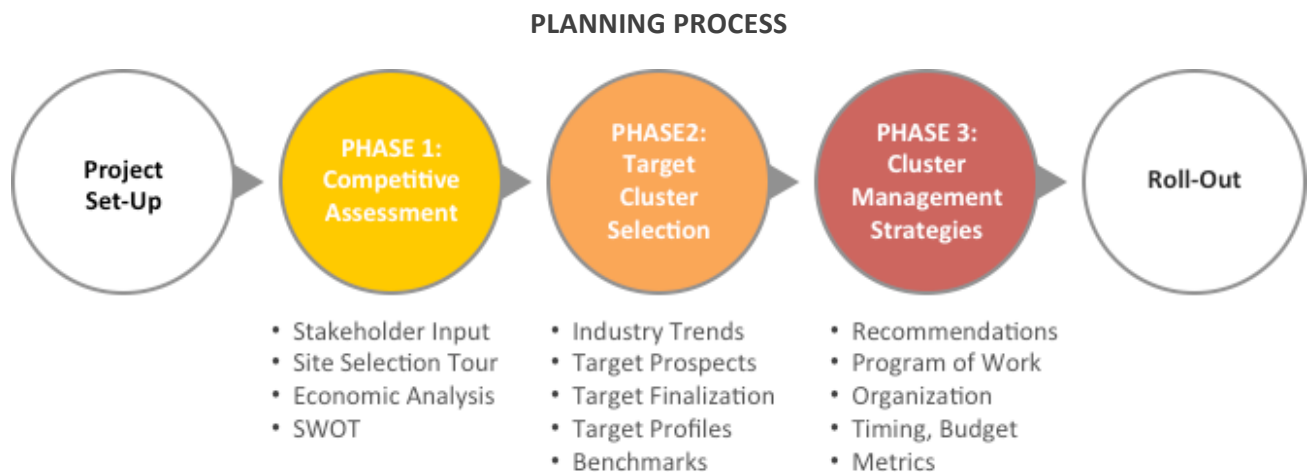
The *Competitive Assessment* report marked the completion of the first step of the planning process. It contains a thorough evaluation of the Lowcountry's competitive position, differentiating assets, and critical weaknesses. The Assessment balances in-depth economic analysis with public input received through interviews, focus groups and surveys.

STEP 2: Target Cluster Selection

The *Target Cluster Selection* report identified target clusters that will be the future economic drivers for Beaufort and Jasper counties. A series of analytical tools, such as cluster analysis, were utilized to understand opportunities within the Lowcountry's current industry base as well as emerging sectors that could expand and thrive in the future. A refined list of target clusters and sub-sectors were recommended as the focus of future economic development and workforce development initiatives.

STEP 3: Cluster Strategies

During this final step of the project, a *Cluster Strategies* action plan was created that informs the Lowcountry of steps to take to prepare for and grow the target clusters. Recommendations address workforce development, community development, and marketing. Step 3 also includes an implementation calendar, task assignments, and performance metrics.



About this Report

This report, *Cluster Management Strategies*, includes recommendations that inform the Alliance and its stakeholders of steps to grow the region's economy. It begins with objectives and recommendations that will increase the region's capacity for economic development and expansion of its target clusters. The report concludes with a program of work containing suggestions on organizational improvements, an implementation timeline and performance metrics.

- 1. Objectives and Recommendations.** In this section, we revisit the findings of the Competitive Assessment and Target Cluster reports and offer recommendations aimed at improving the Lowcountry's climate for economic development. Recommendations address workforce development and education; community development (e.g., infrastructure, business climate, innovation, and quality of life); and marketing activities. Target cluster recommendations are included as well.
- 2. Program of Work.** In the final section of the report, a start and end date is offered for each recommendation along with task assignments, budget estimates (when possible), and performance metrics. The Program of Work also includes thoughts on the most effective organizational structure to support future economic development.

STRATEGY

This *Cluster Management Strategy* informs the Alliance and other community leaders of specific activities that will lead to the growth of target clusters and the overall economy. It begins with priority action items – initiatives that will improve the future potential of the entire Lowcountry economy. Priorities matter most. They lay the foundation for target specific growth.

The collaborative spirit that the Lowcountry has rallied before to win projects such the F-35 and USCBeaufort campus is called upon again to implement this *Strategy*. **Economic development should become the next high priority project that inspires the region to ban together and work as a team.** The desire is there: 72% of survey respondents said they are interested in seeing more funding allocated for economic development in the future. The region needs to set aside differences and turn this desire into results.

There are concerns that the region is not properly investing in its future due to shortage of resources and, in some cases, a unified vision. Infrastructure, education, and quality of life will be the first victims of continued downturn if they are not prioritized now. As it stands now, the Lowcountry has a shortage of industry-ready sites and buildings. This will only worsen if the region does not start investing in infrastructure to those sites. However, the Lowcountry's current tax base is not adequate to support the maintenance and improvements needed for infrastructure and quality of life amenities. Growing the tax base also requires the region to build private sector investment in economic development, another theme that threads throughout the priority recommendations.

CURRENT ECONOMIC CONDITIONS

- The Lowcountry economy has historically outperformed the US, but the region has fared worse than average during the recent recession.
- The Lowcountry economy is heavily weighted toward Government, Healthcare, Retail and Tourism industries.
- Population growth and retiree migration into the region – a key driver of the Construction and Tourism industries – has slowed due to the recession.
- The working age population is small compared to the total, and young professionals are underrepresented and not growing.
- The share of income that is earned by employment has fallen dramatically in the past ten years. More retirees and tourism have boosted demand for low-wage jobs.
- Growing poverty levels have put further strain on the economy.
- Economic development efforts should focus on increasing economic diversification and building primary industry jobs.

Economic Development Goal

As discussed in the Introduction to this report: **The goal of the Lowcountry's economic development initiative should be to diversify the region's economy and grow primary jobs.**

- **Economic Diversification:** Having a diverse economy means that the Lowcountry's mix of businesses represents a wide range of industries and skillsets. This will balance the region's economy, making it less susceptible to trends impacting any one industry, and will lead to stable long-term growth. Examining the impact of the recent recession provides evidence that diversification works. Those communities with a higher than average concentration of jobs in, for example, construction and real estate, experienced higher unemployment rates than those communities with a broader mix of industries.
- **Primary Employers:** Primary employers are businesses that export goods and services outside of the local economy. These exports inject new dollars into the economy, resulting in increased wages and jobs as revenue earned by the business is spent on employee salaries and goods and services that it purchases from local suppliers. As new money is earned, it is redistributed throughout the rest of the economy, multiplying in impact. This benefits secondary employers, also, whose growth relies on strong local demand for goods and services (e.g., Construction, Healthcare, and Retail). Manufacturing, Back Office, and Software / IT are examples of primary employers.

Increasing primary jobs and diversifying the economy requires improvements to the Lowcountry's core assets and policies. Workforce development and education programs must have the capacity to cultivate a talent pool that can fuel economic expansion. Local and county regulatory climates and tax policies should be business friendly and encourage companies to start-up and grow in the region. Infrastructure must be in place so that companies have real estate on which to build. All the while, the Lowcountry's high quality of life – one of its differentiating strengths – must be sustained in order to retain and attract people.

Target Cluster Review

The *Target Cluster Profiles* report contains a detailed description of the industries recommended to be the audiences of the Lowcountry's economic development initiative. To summarize, the report recommends that the Lowcountry Economic Alliance pursue the following four core clusters for Beaufort and Jasper Counties:

- **Back Office and Information Technology** - The Back Office cluster encompasses operations such as call centers, technical support, processing facilities, and data centers. Financial Services is one industry that historically has outsourced support operations to third party firms specializing in back office support. Other industries continue to examine the possibility of outsourcing their back office operations as cost savings resulting from outsourcing become evident. Support personnel perform recordkeeping duties, including transaction processing. Firms in the industry may also be called upon to handle payroll, procurement, and auditing services for clients. Information technology is increasingly integrated within the Back Office cluster. In addition to IT being an important backbone to any industry, it is particularly important to a region's ability to support in-bound and technical client support back office operations. *Note: Being located in a coastal region does not rule out back office and IT employers, but it does mean that businesses with data storage on site must be constructed appropriately, be prepared with back up power, and have a business continuity plan. Employing workers in the Lowcountry while off siting data storage is another alternative.*
- **Healthcare and Bioscience** - The Healthcare and Biomedical sector includes both healthcare service providers and biosciences research and manufacturing (equipment, devices, and pharmaceuticals). Healthcare and Biomedical are complementary targets. Demand for these products and services is expected to continue to increase both within the region and nationally.
- **Light Manufacturing and Assembly** - The Light Manufacturing cluster is a broad category that includes the assembly and manufacture of light components, materials, and equipment that supply larger end-use original equipment manufacturers (OEMs). The aerospace industry provides one bright spot for US manufacturing. With Boeing's investment in the composites-based Dreamliner, the industry has embarked on a radical step forward in technology and product life cycle. The Lowcountry is positioned at the core of the Southeastern US's aerospace cluster. Production of clean, sustainable products is another manufacturing opportunity that fits the Lowcountry lifestyle. The Lowcountry is also a good location for assembly operations – especially those associated with goods shipping into and out of the Port of Savannah. Success in this industry as well as Logistics and Distribution will depend on the Lowcountry's ability to bolster its supply of industry-ready sites and buildings.
- **Logistics and Distribution** - The Logistics and Distribution cluster includes freight carriers (sea, air rail, and trucking), warehousing, materials handling, and logistics, is closely connected to the economic cycle. The industry is a complex network of freight-forwarders, shipping companies, and logistics consultants. Third-party logistics firms (3PL) combine a variety of services that touch most

aspects of the distribution process: warehousing, pick-and-pack of goods, and the distribution to and from warehouses.

RECOMMENDED LOWCOUNTRY TARGET CLUSTERS AND SUB-CLUSTERS

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

The graphic above illustrates an interconnectivity among targets will result in a more efficient economic development effort and create opportunities for the Lowcountry to differentiate itself. The region can become, for example, South Carolina's go-to market for medical-related back office or military vehicle components. This has numerous benefits, including a better-defined brand, increased awareness and support from state officials, and an avenue for improving top-of-mind awareness among site selectors and executives.

The table also lists several emerging sub-clusters that have future potential, but are highly dependent on external factors, such as growth in the region's healthcare and bioscience industry (biomedical supplies) or and expansion of the overall back office and logistics clusters (e.g., logistics-related back office and IT).

The target clusters and sub-clusters will not only be the focus of recruitment activities, but also existing business expansion and new entrepreneurial ventures. Future economic development in the Lowcountry should involve all three approaches – recruit, expand, and start-up – and the mix will vary for each:

Throughout the Strategy, the balance of target cluster approaches is evident. All targets require improvements to the area's assets – from training and education to infrastructure and the overall approach to economic development. For every cluster, Lowcountry must diligently work together to address the priority recommendations offered throughout – those that impact the economy of the region as a whole. In addition, area leaders can initiate a handful of catalyst projects and marketing campaigns that will elevate growth potential even more. Catalyst cluster projects are indicated as such.

Recommendations

The following pages contain recommendations related to improving the Lowcountry's overall economy and its competitiveness for its target clusters. Implementing these recommendations is not the sole responsibility of the Lowcountry Economic Alliance. It begins with a list of the three priority recommendations – projects that are critical platforms for economic development success. Next, recommendations are offered for improvements to infrastructure, workforce development, business climate and the region's targeted marketing campaign.

This *Strategy* is a comprehensive perspective on what actions need to take place to improve economic conditions in the region. While the Alliance may convene leadership around these initiatives, implementation of some of the recommendations will be led by other organizations – schools districts, public officials, developers and land owners, utility companies, chambers of commerce, convention and visitors bureaus, and private industry, for example. The Implementation Plan at the conclusion of this report includes task assignments for each recommendation.

After spending six months analyzing the Lowcountry's economy, reviewing past studies, and listening to residents' ideas and concerns about the future, we have filtered the universe of potential opportunities and offer between two and four objectives related each major topic in this *Strategy*. These activities should be the focus of activity of the Alliance and partner organizations. In some cases, the details of "how to" accomplish each one depends on local leaders embracing the recommendation and crafting their own tailored approach to making it happen.

Priority 1:

Improve the availability of shovel-ready sites in the Lowcountry.

As described in the infrastructure section of this *Strategy* (and evaluations contained in the *Competitive Assessment* and *Target Cluster* reports), the Lowcountry has a shortage of shovel-ready sites and is losing prospects as a result.

One of the Lowcountry's top three priorities is to increase its physical capacity to support new business investment. Before doing so, the Lowcountry must evaluate its current sites and buildings and determine what infrastructure investment is needed to make top sites and buildings shovel-ready, particularly for target industries.

Recommendations

- Inventory sites and buildings, and evaluate infrastructure investment needs based on target industries.
- Outsource the site and infrastructure inventory evaluation to an engineering firm. Work with the engineering firm to prioritize site and building investment, including cost and timing for each.

- Hire a staff person or a sub-contractor to manage this process, identifying prospective funding sources, and applying for funding at the state and federal level.

WHAT IS A SHOVEL-READY SITE?

“Companies that have made announcements in recent years have cited the presence of a “ready to go” site as one of the reasons that the company chose the location. Generally speaking, a shovel-ready site should have the following characteristics:

- ✓ **The site is available.** The site must be truly for sale, preferably with established terms and conditions. While the most ideal situation would be to have parcels owned by the EDO, it is often not feasible. An acceptable alternative would be long-term, renewable, assignable option agreements with landowners on key parcels.
- ✓ **The site is fully served.** In an ideal situation, all of the utilities are already at the site and the systems have adequate excess capacities to meet potential demand. If that is not possible, an acceptable alternative is to develop detailed plans with the service providers to extend and upgrade utilities.
- ✓ **The site is developable.** A shovel-ready site should have all necessary due diligence completed. It should be free of any utility easements or rights-of-way. If there are easements, the community should be able to present detailed plans on the ability and willingness to move those utilities, providing details on cost and schedule.”

Source: Site Selection, May 2011. “What is the True Value of a Shovel-Ready Site?” Author, Jeannette Goldsmith.

Priority 2:

Expand higher education offerings in the Lowcountry.

The Lowcountry can only take its economic development initiative so far before higher education capacity will become a constraint. Building a base of higher education in the Lowcountry will give the region a significant competitive advantage and attract higher wage, knowledge businesses into the region. USCB’s Hilton Head Gateway Campus and the Technical College of the Lowcountry are outstanding foundations for further growth. The two institutions’ willingness to work together and grow programs around the region’s target clusters is an especially important strength.

Education budgets across the board have been cut, and universities have limited resources for expanding programs and opening new campuses. Expanding higher education in the Lowcountry will require a concerted, tenacious effort from all regional leaders. Both counties must embrace the initiative, even if a physical campus cannot be located in both counties.

Recommendations

- Create a program bank that will allow USCB and the Technical College of the Lowcountry to hire staff and build curricula related to the target clusters. Program bank funds could

be used as matching funds in grant applications.

- Continue pursuing Federal funding to create a University Center at USCB, allowing the university to support regional economic development through research assistance, data analyses, and data evaluation.
- Work with area developers to establish a neighborhood of R&D, education, and business focused on one or more of the Lowcountry's target clusters. Involve USCB and TCL in the core leadership team advancing this recommendation. Advocate for the establishment of a Clemson University Center of Excellence in the Lowcountry to serve as an anchor this neighborhood.

Priority 3:

Engage in an internal campaign to raise awareness of and support for economic development.

As stated in the introduction of the *Competitive Assessment*, today's turbulent economic conditions have left many regions wondering about their future. Communities can no longer take economic growth for granted. Ensuring long-term prosperity requires a community to critically reexamine its situation and be willing to make significant changes to come out on top when the economy fully rebounds. Being competitive requires a strategic, proactive approach with broad stakeholder support.

The Lowcountry's economic development initiative faced significant challenges in 2011. The dissolution of the Economic Network and reorganization of the Alliance has left many confused and frustrated. There is a lack of a sense of urgency to improve the area's worsening economy or a unified understanding of what "economic development" is and why it is important. Other issues include a perception of parochialism and anti-business sentiment within some local governments. Overall, the private sector is not as involved in economic development as it should be.

While a revived economic development organization and improvements to local business policies are being addressed, there remains a need to communicate a positive message to Lowcountry residents. Educate the public about the Lowcountry's vision, target audiences, and critical need to support economic development in order to preserve the region's high quality of life for many years to come. An internal communications campaign is needed.

Recommendations

- Hire a professional creative agency to craft an internal marketing campaign aimed at increasing awareness of this Strategy, the Lowcountry Economic Alliance, and the linkages

between economic development and quality of life. *Note: As part of this strategic planning process, a new Alliance brand identity, sales messaging, website, and marketing / social media campaign were developed for the Alliance.*

- Launch the internal marketing campaign upon completion of this Strategy.

Infrastructure

Infrastructure Objective 1:

Increase the availability of shovel-ready sites in the Lowcountry.

As described in the *Competitive Assessment* and Priority Recommendations, the Lowcountry lacks shovel-ready greenfield and industrial for new businesses, putting it at a competitive advantage. Conversations with developers and owners of Lowcountry properties reveal that a majority of sites are not yet fully serviced with utilities and are not prepared for construction. This has resulted in only a minimal presence of Logistics & Distribution companies in the Lowcountry, with a majority of these operations located on the Georgia side of the border (even though some Lowcountry sites are closer to the Port of Savannah).

Many Lowcountry sites are located in highly advantageous locations from a transportation perspective, especially those along I-95. However, most sites lack utility capacity or commitment by local officials to work with developers to increase future capacity. As both the Port of Charleston and the Port of Savannah prepare for increased volume and Panamax activity, the Lowcountry **must have shovel-ready sites**. (See sidebar in Priority Recommendations section for a description of what a shovel-ready site is.)

Infrastructure can be used to both control and promote development. An effort by the region to provide infrastructure to corridors along the interstate and major commercial/industrial sites should be considered. This will encourage investment as well as the manner in which development occurs.

PERSPECTIVE ON I-95 INFRASTRUCTURE

I-95 infrastructure is a top priority issue for the Lowcountry for several reasons. Developers will not develop sites along the interchanges until they have a prospect in hand. Once they have a prospect in hand, they will turn to the public sector to provide water and sewer, which in turn will require a feasibility study, planning, design and funding appropriations – all of which take time. The consequence? The majority of prospects will lose patience and go to another community that already has shovel-ready sites.

Developers are far less willing to work with economic developers if they have to pressure the public sector to invest in planning, design and funding of infrastructure. This places developers in a stronger bargaining position. Their need for a fast return on investment jeopardizes the site. Often, commercial uses absorb valuable interstate frontage.

Landing a big industrial prospect is much easier if there is highway visibility either at the interchange or at least on a frontage road with good connectivity to the interchange. The Lowcountry is disadvantaged from getting major industrial prospects for many reasons. Being competitive will require the Lowcountry to have an outstanding shovel-ready site on I-95.

Recommendations

- **Priority:** Inventory industrial sites and buildings across the Lowcountry, and evaluate infrastructure investment needs based on target industries. This needs to happen before investing in improvements to or additional interchanges. Begin the evaluation with I-95 properties on the Georgia / South Carolina line and work northward.
 - One of the Lowcountry's most significant assets is I-95. However, its capacity as an engine for economic development will only be realized if water, sewer, power, natural gas, and adequate transportation access are available on industrial and commercial

sites. The growth of two of the region's target clusters – Light Manufacturing & Assembly and Logistics & Distribution – depends on shovel-ready sites along this corridor.

"THE REASON GEORGIA IS MORE COMPETITIVE? WE ARE CLOSE IN TERMS OF INCENTIVES, BUT GEORGIA COMPETES USING THEIR SITES, WHICH WE DON'T HAVE."

- FOCUS GROUP PARTICIPANT

- Outsource the site and infrastructure inventory evaluation to an engineering firm. Work with the engineering firm to prioritize site and building investment, including cost and timing for each.
 - As part of the process, also examine land use around existing interchanges and ensure that the region is prepared to maximize utilization of those properties.
 - Hire a staff person or a sub-contractor to manage this process, identifying prospective funding sources, and applying for funding at the state and federal level.
- With cooperation from utilities companies and developers, identify creative, public-private finance solutions to improve site readiness.
 - Hire a lobbyist to advocate for funds for top priority projects that result from the sites and building inventory.
 - Work together with other South Carolina economic developers to lobby the state and federal governments for additional infrastructure funding.
 - Evaluate opportunities for Jasper and Beaufort Counties to co-invest in a site(s) along I-95. For example, joint county investment in a portion of the Riverport site so that the property can be eligible for public funding of infrastructure improvements (e.g., EDA grants).
 - If expansion of infrastructure on the site(s) is not possible today, County officials, utilities and developers need to work together to (1) create realistic plans to implement improvements and (2) estimate and determine cost sharing should a prospect express interest in the sites. A quick turnaround time is critical to being competitive. Prospects are more comfortable with investing when they know that a plan is in place.
 - Consider the needs of the target clusters when determining what type of / level of capacity of infrastructure on a site. Designate properties for specific uses and tailor infrastructure investment to suit; for example, a Healthcare and IT campus, an aerospace supplier location, and a distribution center / light manufacturing location.

PERSPECTIVE ON GOVERNMENT OWNED LAND AND ECONOMIC DEVELOPMENT

Owning land as a developer is best suited for the private sector. However, the private sector is motivated by return on investment rather than job creation and building a tax base. Reaching a balance is important between what local governments are willing to own and market versus those that they use policies and infrastructure investments to make more appealing to private owners. The latter is easier said than done; however, it can be accomplished. Some governments have blended the two approaches by dedicating portion of a site specifically for industry with a predetermined locked-in price for purchase in the event that the community needs to offer the land as an incentive. In exchange, the government brings infrastructure to the development.

There are some properties that will not interest private investment because the risk reward payback is not adequate. While owning land is not a best practice for most communities, for the Lowcountry owning some land (especially bargain deals or heavy industrial property) is a good idea for two reasons. First, the private sector probably will not develop heavy industrial property to the extent required to win a project (especially performing the due diligence for entitlements on a brownfield or a difficult site). Second, as stated above, is that the Lowcountry is competing with communities in Georgia and South Carolina. The Lowcountry's available sites and infrastructure are not as abundant or as competitive as those found in Savannah and Charleston, for example. The Lowcountry will likely lose out of opportunities, unless it has a site (or sites) that are project-ready so that the distinguishing differentiator is the site itself.

Infrastructure Objective 2:

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.

One of the trademarks of Lowcountry is its natural beauty, recreational assets, and idyllic scenery. Preserving the Lowcountry's quality of life depends on the ability of the two counties to foster and promote business growth in the region. This may seem counterintuitive, but local governments need business tax revenues to maintain and enhance the area's infrastructure. A shortage of revenue results in a shortage of services, which means a greater burden on the citizens who live there. Supporting the region's long-range vision requires growing the Lowcountry's tax base to maintain a high quality of life while adopting development standards that are clear and consistent.

Recommendations

- Invest in long-range regional planning across both counties, including future utility extensions. Regional planning and zoning directs growth – which is inevitable – and ensures investors that they are protected against sprawl and incongruent land uses.
- Embrace sustainable development as part of the Lowcountry's vision. Environmentally conscious development is becoming the industry standard. More residents and businesses are demanding smart buildings and smart energy systems. This complements the Lowcountry's character and will help it stand apart from other communities.
- **Cluster Opportunity:** Be Green Packaging's recent choice of the Lowcountry indicates that green product manufacturing and manufacturing processes are an opportunity for the region. Ensuring that the Lowcountry's development approach is sustainable will appeal to other green product companies as well. They typically will not locate in places that are not environmentally conscious.

MODEL:

THE WOODLANDS, TEXAS

LOCATED 45-MINUTES FROM DOWNTOWN HOUSTON, THE WOODLANDS IS A MASTER PLANNED COMMUNITY SET IN A PICTURESQUE LOCATION. ITS PARKLIKE SETTING AND HIGH QUALITY DEVELOPMENT MAKE IT A HIGHLY SOUGHT AFTER EXURBAN AREA. ONE OF THE STAPLES OF THE WOODLAND'S ECONOMY IS RESEARCH AND INNOVATION; MUCH OF IT HOUSED AT THE HOUSTON ADVANCED RESEARCH CENTER, WHICH HAS BEEN ONE OF THE ANCHORS OF THE WOODLANDS SINCE THE BEGINNING. IN THE 36 YEARS SINCE ITS DEVELOPMENT, THE WOODLANDS HAS GROWN ITS POPULATION AND BUSINESS COMMUNITY, BUT ITS COMMITMENT TO QUALITY HAS NEVER CHANGED.

Infrastructure Objective 3: Improve telecommunications infrastructure access across the Lowcountry.

Increasingly, access to broadband networks is a make-or-break factor in site decisions, today. High speed Internet connectivity enables residents to seek out new learning opportunities, start businesses, and share information about their communities, among numerous other benefits. As the Lowcountry develops as an economic hub of the Southeastern US, it is essential that the full region is served with broadband infrastructure. As the map below indicates, a significant portion of the Lowcountry lacks high speed access.

Recommendation

- Actively pursue increased broadband and T3 capacity. Partner with major broadband providers to enhance the quality of their broadband offering.

Lowcountry Broadband Map:

Broadband Technologies Offered to End Users (DSL, cable, wireless, fiber, etc.)



Source: NTIA, National Broadband Map, www.broadbandmap.gov

Workforce Development and Education

Access to talent is a driving force behind most site selection decisions today. To compete for projects and to retain existing business, the Lowcountry must provide employers with a reliable supply of workers as well as a complete education pipeline (PreK-12, technical education, community colleges, and 4+ year degree programs).

As discussed in the *Competitive Assessment*, the Lowcountry's workforce supply is a strength, most notably its steady stream of existing military and military spouses. For higher education, the Technical College of the Lowcountry (TCL) and the University of South Carolina – Beaufort (USCB) are assets. The collaboration between K-12, the Technical College, and USCB is good, but improvements are needed in programs for re-educating and training adult residents. Local K-12 performance is improving across the region, and both local superintendents are committed to advancing Science, Technology, Engineering and Math programming (STEM) education. The biggest areas for improvement are to continue to expand higher education offerings and to increase community involvement in local schools.

Workforce Development and Education Objective 1: Continue to expand higher education offerings in the Lowcountry.

While the Lowcountry as a whole has higher than average levels of higher education attainment, there remain pockets of the region that underperform the US by a significant margin. To further complicate the situation, the region's young professionals population (25-40 year olds) is small and shrinking in number. Expanding local higher education offerings will help address these issues while making the Lowcountry a more competitive location for business.

Recommendation

- **Priority:** Create a program bank that will allow USCB and the Technical College of the Lowcountry to hire staff and build curricula related to the target clusters. Program bank funds could be used as matching funds in grant applications.
- **Priority:** Work with area developers to establish a neighborhood of R&D, education, and business focused on one or more of the Lowcountry's target clusters. Involve USCB and TCL in the core leadership team advancing this recommendation. Advocate for the establishment of a Clemson University Center of Excellence in the Lowcountry to serve as an anchor this neighborhood.
- Conduct an education asset map of the Lowcountry.
 - **Cluster Opportunity:** Evaluate the full spectrum of education offerings and throughput in the Lowcountry. Compare that inventory against the occupational skill needs of the target clusters to identify gaps and strengths.
 - Develop a plan for increasing program offerings to fill in critical gaps, particularly in skillsets that cross over multiple industries.

- **Cluster Opportunity:** The Lowcountry is positioned to be the home of F-35 training facilities, making it one of the leading technology training centers for the US military. Growth in defense contractors in the region will be a natural extension of the growing aerospace industry across South Carolina and Georgia. Offering specialized training programs in military and commercial aerospace maintenance, repair, and simulation would further elevate the region's opportunities in this field.
- Support Beaufort County's efforts to pilot the Transitional Workforce Educational Assistance Collaboration (TWEAC) program in the Lowcountry.
- If needed, recruit additional education providers into the region to establish niche, target cluster programming, including branches of non South Carolina accredited institutions and high quality private schools.
 - Establish articulation agreements with other schools to supplement local offerings, such as the relationship with Georgia Tech's Savannah campus.
- Increase the availability of remedial coursework at TCL.
 - Explore the possibility of creating a Learning Center / Writing Center / Math Center on campus, modeled after programs such as the one found at Trident Technical College. A Learning Center provides one-to-one assistance, drop-in tutoring times, and small group workshops to help students improve their skills and succeed in their classes.
- Improve the region's structure for supporting education and training opportunities for adult workers, particularly in target cluster fields.
 - Form a task force to evaluate TCL's capability to serve adult learners' training and coursework needs.
 - Examine the Adult Learned Connection Program at Columbus State Community College, the Age Boom Conference at Portland Community College, and others as models for initiatives that could be adopted in the Lowcountry.
 - Continue to increase the availability of GED programs. For residents that need a high school degree prior to pursuing a career pathway, there are several good local GED

TARGET EDUCATION FOR ADULT WORKERS IN COLUMBUS AND PORTLAND

The Columbus Ohio Region and **Columbus State Community College (CSCC)** focused adult worker training in three target sectors: Insurance, Information Technology, and Logistics. These industries were selected because they are forecasted to generate jobs in the future, have a high percentage of mature workers today, and/or have occupations that are well suited for mature workers. CSCC started an Adult Learner Connection Program that provides tutoring and training in these fields for non-traditional students.

Portland Community College (PCC) is another best practice for adult education programming. Four out of five older students enrolled at PCC are not taking classes simply for personal enrichment but to re-enter the workforce or re-career. One in six students enrolled in PCC's credit courses, and six in ten students taking our Community Education classes, are 40 or older. This represents approximately 10,000 to 15,000 students each term. To ensure that it was meeting the needs of adult learners, the PCC created a taskforce on aging to evaluate its capacity for educating the 40+-aged student. The PCC also hosted a community wide Age Boom Conference with all to address the needs of the older worker and fulfill skills demand of local employers.

preparation programs available. For example, Beaufort County partnered with Goodwill Industries to offer GED classes. Demand is strong for this program. The faith-based community has begun to offer tutoring as well. Keep up the good work and increase offerings even further.

- Rely heavily on readySC and establish strong relationships with readySC staff. ReadySC is one of the nation's leading workforce training programs. It is a draw for relocating and expanding companies.
 - Georgia's Quick Start program is equally respected. There may be opportunities in the future for the two programs to work together to recruit a larger employer to the region. (Alabama and Mississippi recently did this near Meridian, and now Florida and Alabama are in discussions about working together for sites in the Florida Panhandle.)
- Increase the availability of information about target cluster careers and residents' ability to access related education and training programs.
 - Document the skill sets demanded by the Lowcountry's target clusters, and outline the pathways of career advancement in that industry.
 - Connect with national industry associations that offer virtual / online certificate programs related to the Lowcountry's target clusters (e.g., the Energy Providers Coalition for Education's Online Energy Education programs (www.epceonline.org) or the National Coalition for Telecommunications Education and Learning (www.nactel.org)). Promote those programs to local residents.
 - Create a website that illustrates career pathways for target clusters and identifies education and training programs related to each step in the pathway (e.g., <http://www.epceonline.org/areyouready/process.html>). The list of providers is already well documented by the Lowcountry Regional Education Center. Adding interactivity and target cluster focus is a smart next step toward addressing the needs of the learner.
 - Simultaneously, document and expand educational programs in the Lowcountry related to the target clusters. Work with training providers, the Technical College, and USCB to ensure that there are outlets and support for adult learners who re-enter the educational system.
- Closely link higher education and economic development.
 - **Priority:** Continue pursuing federal funding to create a University Center at USCB, allowing the university to support regional economic development through research assistance, data analyses, and data evaluation.
 - Form a working group of education and economic development leaders to meet on a regular basis and keep one another informed.

"WE NEED TO HELP ADULT RESIDENTS UNDERSTAND THAT THEY HAVE THE CAPACITY TO LEARN AND THEN OFFER THEM TRAINING AND EDUCATION PROGRAMS THAT FIT THEIR LIFESTYLE."

- INTERVIEWEE

Workforce Development and Education Objective 2:
Bolster business and community involvement in local PreK-12 schools.

An educated workforce is a region's top economic development resource. Talent development cannot happen in a vacuum without the input and support of the business community.

Recommendations

- Set high goals for Education Foundation funding in both Beaufort and Jasper Counties.
 - Public sector funding is not enough for most communities to achieve the level of academic excellence that they strive for. The Beaufort County Schools Education Foundation is a good outlet for raising funding. Jasper County should establish an Education Foundation as well.
 - All community leaders should prioritize raising funding for the Education Foundations in Beaufort and Jasper Counties. Set high goals. For instance, the new Philadelphia Schools Partnership - a collaboration among business leaders, foundations, city leaders and public, charter, and parochial schools - set a five-year goal to raise \$100 million and invest in initiatives to boost student performance. Although the scale is much larger than the Lowcountry's, it is a good example of the vision of progressive communities who prioritize K-12 education.
- Increase school taxes in areas with low to no-school district taxes.
 - When asked directly, focus groups and interviewees who participated in this planning process agreed that they would pay more in school taxes if given the opportunity. Some requested it outright, linking school performance with property values and economic health.
- Form a Business Roundtable of area executives to champion local school improvements, advise educators on the skill sets that are in demand, and consult on how schools can prepare students for careers in those fields. The business community must be a permanent resource for local schools. It is in the best interest of both parties.
 - The Technical College has a strong partnership with Lowcountry schools and has worked with them to ensure that local employers have a reliable talent pipeline for many years to come. Both Be Green Packaging and the F-35 project have benefitted from the Technical College's strong coordination with K-12 educators. Involvement and response on this level should be a given for all Lowcountry employers. A Business Roundtable of local executives will help ensure that existing companies' needs are communicated and local educators can respond in a timely manner.
 - Business leaders are viewed as credible advocates for public policy change. Involve them in initiatives to support education reform and increased funding at the state level.

- Continue to support school to work, apprenticeship and internship programs for area high school students. Both districts currently offer these programs, but employer involvement falls short. It is the responsibility of the business community to get involved with these programs, understanding that the greatest benefit is advancing the talent pipeline coming out of local schools, thus improving the overall economy.
- Expand entrepreneurship education at the PreK-12 level. While the Lowcountry has taken strides to improve PreK-12 education, entrepreneurship is not being adequately addressed.
 - Look at EngenuitySC's entrepreneurship roundtables and Summer BizCamps as an example of programs that could be adopted in the Lowcountry.
 - Talk to YESCarolina about starting a chapter in the Lowcountry.
 - Invite the local SCORE chapter in building awareness of and confidence in entrepreneurship as a career choice for students. SCORE members can serve as advisors to curriculum, mentors, and organizers of student business plan competitions.

Business Climate

The Lowcountry is at a critical juncture. Real estate, retirement and tourism drove the economy for many years, but the success of these industries will diminish without fresh investment from primary employers and a more diverse base of business activity. It is in the best interest of Beaufort and Jasper Counties to recognize their symbiotic strengths and agree on a common economic development goal. For example, in South Carolina, revenue sharing between counties is a possibility, and both counties should consider supporting a major development along the interstate. A consistent incentives policy is a must for the region if it is to be competitive, especially against neighboring Georgia where incentives are performance based and policies are more transparent. In addition, a re-balancing of economic development to include additional emphasis on entrepreneurship is important. The Lowcountry climate is ripe for start-up companies, but local leaders must make it a priority for enterprising ventures to fully take root.

Business Climate Objective 1:

Take steps to improve the local business climate.

Interviews and focus groups with area businesses revealed growing frustration with city and county business policies. Companies cited concern about inconsistency, slow processes, and punitive tax codes relative to other communities. Business friendliness varied across the counties, but the overall perception is that local governments need to review and revise their policies to make the Lowcountry more attractive to companies.

"THE BUSINESS FRIENDLINESS OF LOCAL GOVERNMENTS WAIVERS HERE. WE NEED TO WAKE UP AND UNDERSTAND THE BIG PICTURE. WE NEED TO SET DIFFERENCES ASIDE SO THAT WE CAN COMPETE NATIONALLY."

- FOCUS GROUP PARTICIPANT

Recommendations

- Utilize financing structures such as Tax Increment Financing (TIF) districts and Tax Increment Reinvestment Zones (TIRZ) to fund current development of a property based on future taxes gained through improvements and added value to the property.
- Reduce the gross receipts tax burden on local businesses. Cap the gross receipts tax requirement.
 - Beaufort recently lost a company due to the tax, and many interviewees and focus group participant point to the gross receipts tax as the reason why large distribution and manufacturing facilities choose Georgia over South Carolina.
 - Cap the gross receipts tax once companies reach a certain size. This could give the Lowcountry a competitive advantage in the state while encouraging companies to stay and grow locally.
- Explore the possibility of an economic development sales tax.
 - More than 70% of respondents to the survey conducted for this *Strategy* indicated that they would be willing to increase funding for economic development.

- Consider amending current local government policies to allow for the possibility of raising funding for economic development through a sales tax.
- Work with other South Carolina economic developers to advocate for more competitive state incentives.
- Beaufort and Jasper Counties must work together to form a tax swapping plan and industrial transfer agreements. Facilitate this dialogue.

Business Climate Objective 2:**Increase economic development focus on entrepreneurship and R&D.**

As discussed in the *Competitive Assessment*, the Lowcountry has the potential to become a hotbed for entrepreneurship. In many ways, it is an ideal environment for high-growth startup companies, and the community wants more R&D activities (R&D, for example, ranked #1 in terms of the type of business operations desired for the Lowcountry, according to the survey). The sizable presence of executives who have either retired in the Lowcountry or own a second home is a rich pool of opportunity. Acknowledge the impact of entrepreneurs on job creation, foster these individuals. In addition, recognize that the majority of start-up companies place little (if any) burden on public services. Policies should encourage the absolute minimum tax burden on these firms.

Recommendations

- Cap the gross receipts tax.
 - Businesses are dis-incentivized to grow in the Lowcountry once revenues grow because gross receipts taxes increase in scale in-step as they do.
 - Lowcountry communities with gross receipts taxes must revisit and revise those policies before they lose more homegrown businesses.
- Partner with South Carolina universities and current employers to recruit more R&D activities into the region and spark entrepreneurship.
 - **Cluster Opportunity:** For example, work with the Beaufort Clinic of the Ralph H. Johnson Medical Center to expand private sector investment in R&D related to Post Traumatic Stress Disorder.
 - **Cluster Opportunity:** Bring a Center of Economic Excellence to the Lowcountry, similar to those found in Charleston, Columbia, and the Upstate. Create an environment that attracts private sector companies and patients to the region.
- Connect area companies with government contracting programs.
 - **Cluster Opportunity:** Proactively build awareness about SBIR/STTR programs with area companies, particularly in the military and aerospace components fields.
- Increase local funding available for new ventures.
 - **Cluster Opportunity:** Examine the opportunity to create an SBIR seed fund, providing small grants to companies to help them prepare for pursuing an SBIR grant. Establish a mentoring group to provide coaching and validation before seed grants are given.
 - Look at the Innovation Philadelphia program as a larger, but scalable, best practice for fueling entrepreneurship in creative industries. Their Creative Economy Investment Fund was created to support the growth of Philadelphia's technology-enabled creative industries. It provides pre-seed and early-stage investments to creative businesses that start-up and grow in Philadelphia. The fund makes investments using a variety of securities, including debt, equity and a combination of debt and equity, in order to execute its strategies.

- Establish a one-stop-shop of information about the Lowcountry and surrounding region's entrepreneurship resources.
 - The Lowcountry's small business resources are strengthening. The Small Business HUB, SBA office, ThrottleUp program, active SCORE chapter, and angel capital groups such as Southeast Angel Partners are ready and waiting for entrepreneurs.
 - Identify champions in the region who have successfully started local companies. Work with local media to showcase their success. Establish a regularly scheduled entrepreneurship meet-up where champions can share their stories, and area service providers can connect with emerging start-up firms.
- Harness the energy of area retirees and second homeowners into establishing local companies.
 - Inform retired and second home executives that the Lowcountry wants their business. Retiree communities are important contributors to the area's economy. Many businesses that have relocated to the Lowcountry have resulted from an executive who frequently visits the area or owns a second home.

"I HAVE YET TO FIND AN ECONOMIC DEVELOPMENT PROSPECT WHO DOESN'T HAVE A HOUSE HERE."

- FOCUS GROUP PARTICIPANT
 - There is additional opportunity to communicate with commuting and retired executives in the area through tourism outlets. The message? The Lowcountry has prioritized entrepreneurship as a component of the overall economic development initiative and the region is an ideal place to grow a business.
 - Work with area Visitors Bureaus on a marketing campaign targeting second homeowners and visitors. Let them know that they can "do business in the Lowcountry." That, if they lived full time in the region and brought their business here, that they wouldn't have to endure the frequent commute to their office elsewhere.

Marketing and Economic Development Effort

This *Strategy* is designed to take the Lowcountry's economic development to a new level. It challenges Lowcountry leaders to pursue economic growth with more focus and a higher degree of cooperation than ever before because we know that this is an opportune time for the region. South Carolina is recognized as one of the most competitive states in the US. With major international employers such as BMW and Boeing announcing continued job creation in the thousands, the state is quickly becoming a household name for business. Governor Haley and her administration, including new Department of Commerce leadership, are taking a proactive and aggressive approach that will undoubtedly result in new business for the state. Is the Lowcountry prepared to leverage heightened statewide economic development?

For the most part, the previous sections offer recommendations aimed at improving the Lowcountry's product offering. This section provides tactics related to how the Lowcountry communicates its strengths both internally and externally. As explained in the Priority Projects, begin by alerting local residents that the region is open for business. Once local leaders are informed and there is aligned, then engage in external, target cluster marketing.

Marketing and Economic Development Effort Objective 1: Strengthen regional collaboration.

Together, Beaufort and Jasper Counties offer a complementary array of assets that form a complete economic development package, including quality of life amenities, industrial development possibilities, and educational institutions. A regional approach is critical to being able to compete for projects. No single city or county today has the resources needed to effectively build a brand identity and market itself nationally and internationally. In fact, officials at the South Carolina Department of Commerce have commented that they hesitate to bring prospects to the Lowcountry because of a current perception that local leaders do not collaborate with one another. It is time for the Lowcountry to move forward and to say with a unified voice that it is willing to work together to improve its economy.

"WE NEED TO SEE PASSION. WE NEED ALL OF OUR RESIDENTS AND LEADERS SAY 'WE WANT TO IMPROVE OUR ECONOMY!' AND THEN WORK TOGETHER TO MAKE IT HAPPEN."

- INTERVIEWEE

Recommendations

- Adopt this *Strategy* as the Lowcountry's cohesive plan for economic development. Share the *Strategy* with regional representatives and the State. Assure them that Beaufort and Jasper Counties are working together to accomplish the same goal.
- Wholeheartedly support the Lowcountry Economic Alliance as the region's economic development organization and strengthen its resources so that it can effectively do its job.

- Engage in a fundraising campaign to increase resources (funding and staff) so that the Alliance can successfully function and lead the Lowcountry's economic development effort.

**Marketing and Economic Development Effort Objective 2:
Engage in an internal communications campaign that unifies the
public's understanding of economic development and its importance.**

Before engaging in external marketing and communications with target cluster companies, the Lowcountry must welcome regional economic development and rally in support of it as a community. The term “economic development” means different things to different people. For some, it means business growth and employment opportunities. For others, it means unbridled population growth and challenges to the region’s environment. The reality is that economic development is what a community decides it will be. This *Strategy* encompasses an approach to economic development that improves job availability while enhancing the Lowcountry lifestyle through deliberate, planned growth. Gaining a mutual understanding of the term is the first step in building regional collaboration to improve the economy.

“WHEN PEOPLE HEAR ‘ECONOMIC DEVELOPMENT,’ THEY THINK ‘MORE PEOPLE’ RATHER THAN ‘MORE JOBS.’ WE NEED TO COMMUNICATE THE FACT THAT ECONOMIC DEVELOPMENT WILL INCREASE JOBS, INCOMES, AND TAX REVENUES, WHICH WILL LEAD TO A BETTER QUALITY OF LIFE FOR EVERYONE.”

- FOCUS GROUP PARTICIPANT

Recommendations

- **Priority:** Engage in an internal campaign to raise awareness of and support for economic development.
 - Hire a professional creative agency to craft an internal marketing campaign aimed at increasing awareness of this *Strategy*, the Lowcountry Economic Alliance, and the linkages between economic development and quality of life. *Note: As part of this strategic planning process, a new Alliance brand identity, sales messaging, website, and marketing / social media campaign were developed for the Alliance.*
 - Launch the internal marketing campaign upon completion of this *Strategy*.
- Following the public-roll out, continue an ongoing internal marketing campaign. Keep the public informed and enthusiastic about the region’s progress. Show South Carolina and the country that the Lowcountry works together and is proud of its accomplishments.
 - Create a public awareness campaign - including media outreach, social media, and collateral materials - that informs residents of the objectives and recommendations of the *Strategy*.
 - Update the Alliance’s website and include a microsite and social media campaign that updates the community on the successful implementation of the *Strategy*.
 - Include state and federal representatives in ongoing outreach activities.
- Create a Blue Ribbon Panel of champions for economic development that represents the public sector, private sector and educators from both counties. In addition to the Alliance board of directors, these individuals should be called on to help implement this *Strategy* and interact with prospects.
 - Schedule quarterly meetings of the Panel to monitor *Strategy* implementation progress, brainstorm solutions to roadblocks, and inspire outreach to the broader community.

- Organize familiarization trips for the Panel to model communities. Use these visits to inspire ideas on how quality of life and economic development can energize one another.
- As needed, organize subcommittees of the Panel focused on elements of this *Strategy*: workforce development and education, infrastructure, business climate, and marketing. The subcommittees may determine their meeting schedule and action items based on accomplishing the objectives and recommendations of this *Strategy*.

Marketing and Economic Development Effort Objective 3:

Better engage the business community in economic development marketing.

Progressive economic development initiatives today involve the private sector in marketing, aligning workforce development with industry needs, and convening stakeholders to implement improvements. The Alliance should be the organization that leads that charge, but it needs more resources and participation in order to do so.

Recommendations

- Organize an annual regional economic summit for area executives.
 - During the summit, inform attendees of the Lowcountry's economic situation and provide them with avenues to get involved in *Strategy* implementation.
 - Although there is not a strong legacy of corporate involvement in the region, there is an opportunity to do so now. The Alliance's reorganization and stronger private sector participation on its board of directors shows that the region is now interested in and has the capacity for local companies to have a voice in economic development. Invite executives to get involved on the Blue Ribbon Panel.
- Employer outreach and involvement should be a staple of the Alliance's future activities.
 - The Alliance should create a business retention and expansion position on staff. This person will be responsible for employer outreach, meeting with area executives on a daily basis to assess their needs and facilitate timely response to those needs.
- Form industry executive task forces for four clusters: Back Office and IT, Healthcare and Bioscience, Light Manufacturing and Assembly, and Logistics and Distribution.
 - Each cluster Task Force will have the following directive: (1) to serve as think tanks for the Alliance on issues related to industry trends, (2) advise the Alliance on the Lowcountry's anticipated response to those trends, and (3) interact with prospects in their industries.

Marketing and Economic Development Objective 4:

Continue to increase defense investment and military contracts in the Lowcountry.

The Lowcountry's success in bringing additional defense investment into the region should not stop with the F-35 project. In fact, the region should prepare for the possibility that the F-35 will not come to fruition as production is currently at risk. Even so, the region's defense manufacturing industry (e.g., Daniel Defense, XREDI, Northrop, etc.) and the Marine Corps Air Station give the Department of Defense reason to bring additional projects to the Lowcountry.

Recommendations

- Convene a military leadership group to identify and discuss the pursuit of additional military investment in the Lowcountry.
- Advocate for extending the lifespan of the F-18.
- Support Beaufort County's efforts to pilot the Transitional Workforce Educational Assistance Collaboration (TWEAC) program in the Lowcountry.
- **Cluster Opportunity:** Involve ex-military personnel in pursuing military component contracts for Lowcountry companies, using their security clearances and connections to help with business development.
- **Cluster Opportunity:** Inform the South Carolina legislative delegation that this is a regional focus and work with them to promote the Lowcountry as a location for future Department of Defense projects.

Marketing and Economic Development Objective 5:
Align tourism and economic development marketing initiatives.

The Lowcountry's tourism industry is a critical component of its economy. Its lifestyle has attracted some of the most accomplished people in the world who vacation and buy homes in the region. Economic development and tourism are intimately connected. More than two million visitors come to the Lowcountry each year. The region has 3,000+ hotel rooms and 6,000+ other rental properties. "Hilton Head" is a well-known brand with a positive reputation. It is, perhaps, the Lowcountry's most valuable marketing proposition when reaches out to national and international audiences. "Hilton Head" is a lead descriptor of the region to people who are not familiar with the geography of South Carolina and the Southeast.

The previous reports – the *Competitive Assessment* and *Target Cluster Profiles* – have recommended that tourism be maintained as a target of the local convention and visitors bureaus and not fall within the targets of the Lowcountry Economic Alliance. That said, the visitor industry is a major component of the region's economy. CVBs and the Alliance should frequently communicate and work jointly on a handful of targeted campaigns, as described below.

Recommendations

- Economic development leaders should support convention and visitor bureaus' commitments to reinvigorating the region's tourism infrastructure. As those assets diminish, so will the Lowcountry's economy.
 - Jointly market to international luxury hotel developers to redevelop anchor tourism assets. Currently, for example, there are four major hotels on Hilton Head Island that are in need of repair or are bankrupt. Area properties are aging. Make sure building codes are not prohibitive to hotel improvements, and work as a region on a marketing campaign to attract the interests of developers.
- WHAT ASPECTS OF THE LOWCOUNTRY
MAKE IT A DESIRABLE PLACE TO LIVE?

"IT JUST FEELS GOOD HERE."
 "IT HAS FOUR SEASONS."
 "THERE IS CULTURE, ARTS."
 "THERE ARE A LOT OF YOUNG FAMILIES."
 "THE BEACHES."
 "OUTDOOR RECREATION AND SPORTS."
 "TREMENDOUS AMOUNT OF HISTORY."
 "FEELS WARM AND WELCOMING."
 "LOTS OF VOLUNTEER OPPORTUNITIES."
 "THERE IS NO TRAFFIC CONGESTION."
 "THE SMALL TOWNS ARE CHARMING."

- RETIREE FOCUS GROUP PARTICIPANTS
- Cooperate with area CVBs to recruit target cluster conferences to the Lowcountry. The appeal to executive-level conferences is high. Bringing target sector events into the Lowcountry gives the Alliance an opportunity to market on its doorstep.
 - Cooperate with area CVBs to include a business message in visitor marketing. Both for tourists and second homeowners, convey the message that the Lowcountry is open for business. They can have their dream home location for their families and their companies in the same location. "You love coming here for vacation, why not do business here as well?"

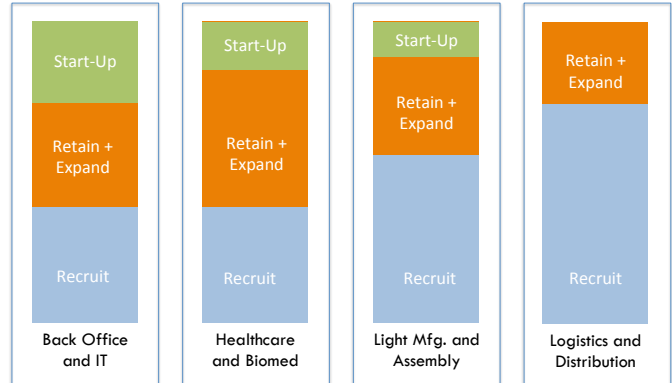
- The Hilton Head name is internationally recognized and is a lead for marketing the region both to tourists and businesses. Locally, we understand the reasons why individual cities and counties are uncomfortable incorporating “Hilton Head” into the economic development brand. But when it comes to attracting a company’s attention that is located on the other side of the country or the world, the Alliance should have the flexibility to lead with the Hilton Head name. “We are the Hilton Head region of the US. We are the Lowcountry region of South Carolina.”

Prospects are not concerned with political boundaries until the final steps of the site selection process when they are considering real estate. Before that point, getting them into the region should be the main concern. Use the name that is most positively recognized across the globe.

- Doing so may require reaching an agreement with Hilton Head officials to incorporate the brand into economic development marketing.

**Marketing and Economic Development Effort Objective 6:
Market to the Lowcountry's target clusters.**

After the Lowcountry's internal marketing efforts take root and the Alliance is fully resourced, an external marketing campaign should begin that is focused on the target clusters. As illustrated to the right, some targets lend themselves to external marketing more than others. On the whole, Light Manufacturing and Assembly and Logistics and Distribution clusters are strong marketing opportunities for the Lowcountry. Back Office and IT and Healthcare and Biomed require a more balanced approach, including entrepreneurship, expansion of local companies, and recruitment.



The target cluster list contains four core target clusters, 12 immediate and mid-term opportunity sub-clusters, and four future emerging opportunity sub-clusters. Each sub-cluster has a slightly different approach as suggested in the following table.

- Targets that have “immediate” timing and a recruiting approach are labeled as 2012-2014 marketing opportunities. The Lowcountry currently has the asset base needed to compete against other communities for these audiences.
- The ability to recruit and expand “mid-term” targets depends on improvements to Lowcountry assets. Many of these require larger tracks of land. Investment in sites and infrastructure will enhance marketing prospects. Broadband investment will also improve the Lowcountry's attractiveness to IT companies.
- “Future emerging opportunities” require significant improvements to Lowcountry assets, such as sites and infrastructure, educational programs, and brand awareness.

Target Sub-Cluster Prioritization	Timing	Approach	2012-2014 Mkting Opportunity
Aircraft / Aerospace Components and Training	Immediate	Expand, Recruit	Yes
Green Products	Immediate	Start-Up, Recruit	Yes
Medical-Related Back Office	Immediate	Start-Up, Expand, Recruit	Yes
Records Management	Immediate	Start-Up, Recruit	Yes
Regional Headquarters: Back Office and IT	Immediate	Recruit	Yes
Assembly, Kitting	Mid-Term	Recruit	Yes
IT and Technical Support	Mid-Term	Start-Up, Recruit	
Military Vehicle Components	Mid-Term	Recruit	
Regional Headquarters: Healthcare and Biomedical	Mid-Term	Recruit	
Regional Headquarters: Logistics and Distribution	Mid-Term	Recruit	
Warehousing	Mid-Term	Recruit	
R&D: PTSD, Cancer and Diagnostics	Mid-Term, Long-Term	Start-Up, Expand, Recruit	
Biomedical Supplies	Long-Term	Recruit	
Industrial Machinery	Long-Term	Recruit	
Logistics-Related Back Office	Long-Term	Start-Up, Recruit	

With this understanding, the Lowcountry can better determine its marketing approach going forward.

- Build the tools needed to market externally. Move a majority of marketing tools to electronic and online formats. The core toolkit should include a strong website, active social media campaign, and sales presentations tailored to each target audience. There is no real need for printed brochures or advertisements, except in select opportunities.
 - Outsource marketing tool development to a professional creative firm.
 - Update and redevelop the Alliance's website.
 - Include sections for each of the Alliance's target clusters.
 - Feature sub-clusters that represent immediate marketing opportunities: Aerospace Components, Green Products, Medical-Related Back Office, Records Management, and Back Office / IT Headquarters.
 - Include maps that not only show the Lowcountry's location but its proximity to other Southeastern assets, for example: (1) aerospace OEMs and suppliers, (2) military bases, (3) automotive companies, (4) colleges and universities, and (5) Ports. Giving prospects a wider-angle view puts into perspective the region's strength as a business destination.
 - Ensure that the website is mobile-device friendly.
 - Develop a sales presentation and utilize an online presentation format (such as SlideRocket) to enable access to the sales presentation anytime and anywhere.
 - Create one sales presentation for each core target cluster.
 - Engage in a social media campaign.
- Engage in a media relations campaign.
 - Outsource public relations campaign to a professional PR agency or independent contractor.
 - Develop a press release distribution list of target cluster publications, reporters and bloggers.
 - Follow top industry bloggers. Share information about the Lowcountry with them in response to their postings. These individuals are scouting for story ideas, and making them aware of Lowcountry news increases the likelihood of a media mention.
 - Host an annual media tour of the Lowcountry to showcase the region to trade and general business journalists. Do this in conjunction with area CVBs.
- Collaborate with the State Department of Commerce, other South Carolina economic development organizations, and the Savannah Economic Development Authority to conduct marketing missions to target cluster regions and attend trade events.
 - Select marketing missions that align with the target clusters and sub-clusters.
- Conduct a prospect handling workshop(s) with Lowcountry public officials and the Blue Ribbon Panel members. Make sure that all local parties understand their individual roles in economic development, whether it is political support for a pro-business climate or Alliance, academic, and private sector interaction with prospects. Provide a script so that all parties share the

same story about the Lowcountry's economy and opportunities. Ensure that everyone understands the critical importance of confidentiality when working with prospects.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "Memorandum") is entered into this 12th day of September, 2013, by and between Beaufort County, a body politic and political subdivision of the state of South Carolina (hereinafter referred to as the "County") and the Lowcountry Economic Alliance, a South Carolina not for profit corporation (hereinafter referred to as "LEA") regarding the provision of various services to advance economic development interests in Beaufort County (hereinafter referred to as "Services.")

WHEREAS, Beaufort County desires to promote the expansion, relocation, and establishment of economic development opportunities within the geographic boundaries of Beaufort County and throughout the Lowcountry region; and

WHEREAS, LEA has the professional capacity to provide the services necessary to carry out the goals of Beaufort County with regards to economic development services; and

WHEREAS, Beaufort County Council has appropriated funding in an amount not to exceed One Hundred Ninety Thousand and No/100 Dollars (\$190,000.00) for purposes that are more fully outline below.

NOW, THEREFORE, for and in consideration of the mutual promises, undertakings and covenants set forth herein, the receipt and sufficiency of which is acknowledged and affirmed by the County and LEA, the parties hereto agree as follows:

1. Responsibilities of the County

Beaufort County agrees to provide a one-time funding request to LEA in an amount not to exceed \$190,000.00 which shall be used to carry out the projects to be undertaken by LEA as more fully described herein.

2. Responsibilities of LEA

Upon receipt of the funds identified above, LEA shall undertake to provide the following services for the advancement of Beaufort County's economic development interests:

A. Site Analysis and Site Feasibility Study

LEA shall undertake to subcontract with one or more qualified vendors to conduct a site analysis of potential and existing industrial properties along the SC 17, SC 21, SC 170 and SC 46 highway corridors in order to develop an inventory of possible sites that may be utilized for economic development purposes. Additionally, the study shall also evaluate and determine the infrastructure needs for each parcel and a correlating plan to fund any such needs.

The allocation of Beaufort County funding necessary to fulfill this requirement shall not exceed \$85,000.00.

B. LOOPnet Interface

LEA shall undertake to improve its existing GIS systems by linking/interfacing with the LOOPnet system to provide a comprehensive inventory of available commercial properties within Beaufort County on the LEA website.

The allocation of Beaufort County funding necessary to fulfill this requirement shall not exceed \$10,000.00.

C. SC Works Program Committee/Educational Program Analysis Committee

LEA shall undertake to manage and staff a committee to participate in the SC Works Program which will evaluate and monitor the Beaufort County labor pool and other associated matter. LEA shall provide a report on the activities, goals, and accomplishments of the committee to Beaufort County Council on no less than a quarterly basis.

Additionally, LEA shall undertake to form and manage an Education Program Analysis Committee involving participants from the Technical College of the Lowcountry, University of South Carolina Beaufort, and the Beaufort County School District. This committee will work to expand existing programs or develop new programs that will be able to provide skilled, trained, and educated employees to targeted industries. LEA shall provide a report on the activities, goals, and accomplishments of the committee to Beaufort County Council on no less than a quarterly basis.

The allocation of Beaufort County funding necessary to fulfill these requirements shall not exceed \$30,000.00

D. Promotional Video Production

LEA shall undertake to subcontract with one or more competent vendors to create and produce a promotional video highlighting the economic development opportunities/potential of Beaufort County.

The allocation of Beaufort County funding necessary to fulfill these requirements shall not exceed \$10,000.00

E. Blue Ribbon Task Force

LEA shall undertake to create and manage a Blue Ribbon Task Force which shall include key stakeholders and influential parties from within Beaufort County who shall provide the necessary input and reactions to the development of messages and marketing information. All members recruited for participation on the Task Force shall be reviewed and approved by the Chairman of the Governmental Committee and the Beaufort County Administrator. LEA shall provide a report on the activities, goals, and accomplishments of the committee to Beaufort County Council on no less than a quarterly basis.

The allocation of Beaufort County funding necessary to fulfill these requirements shall not exceed \$25,000.00

F. Internal Marketing Plan

LEA shall undertake to subcontract with one or more competent vendors who will prepare and develop an internal education/marketing plan for local business owners and citizens that provides a clear and concise message defining the concept of economic development and will provide a better understanding of the job creation priorities in Beaufort County.

The allocation of Beaufort County funding necessary to fulfill these requirements shall not exceed \$30,000.00

LEA agrees by acceptance of the funding from Beaufort County that it shall undertake to fully complete and carry out the above identified projects within the identified budget limitations. Additionally, LEA agrees that any funds remaining after the above identified projects have been completed will be returned to Beaufort County unless otherwise directed by Beaufort County Council. Should LEA fail to undertake or complete any of the identified projects listed above, it shall return the portion of funds identified for any such project(s).

3. General Requirements of the Agreement

- a. This Agreement shall not be modified unless such modification is made by mutual consent of both parties at any time in writing and signed by both the County and the LEA.
- b. The LEA may not assign this Agreement to another organization without the prior written approval of the County.

4. Default Remedies

In the event the LEA does not remedy such conditions that have been found in violation of this Agreement with 30 days after written notice to do so is given by the


County, or if insufficient progress is being made toward the remedy within those 30 days, the County may immediately terminate this Agreement without further notice.

5. Term

The term of this Memorandum of Understanding shall be from the date of execution until June 30, 2014, and shall be automatically terminated thereafter or at such time as LEA has satisfied the requirements of the Agreement outlined above, whichever shall occur first.

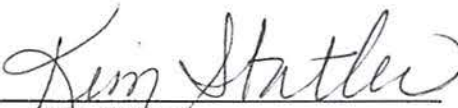
IN WITNESS WHEREOF, the parties hereto have affixed their signature hereto the date first written hereinabove.

COUNTY OF BEAUFORT

By 

Gary Kubie
County Administrator
Date 9-13-13

**LOWCOUNTRY ECONOMIC
ALLIANCE**

By 

Kim Statler
Executive Director
Date 9-13-13