

TOWN OF HILTON HEAD ISLAND
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

Date: April 19, 2016 **Time:** 2:00 p.m.

Members Present: John McCann, *Chairman*; Bill Harkins and Tom Lennox, *Council Members*

Members Absent: None

Staff Present: Greg DeLoach, *Assistant Town Manager*; Brian Hulbert, *Staff Attorney*; Susan Simmons, *Director of Finance*; John Troyer, *Deputy Director of Finance*; Julian Walls, *Facilities Manager*; and Cindaia Ervin, *Finance Assistant*

Others Present: Kim Likins, *Council Member*; Dr. John Salazar, *USCB*; Dr. Robert T. Carey, *Clemson University*; Keri Olivetti- *Director of USCB Event Management and Hospitality Training*; Frank Soule; *Executive Director- Island Recreation Association*; Rex Garniewicz, *President and CEO- Coastal Discovery Museum*; Shirley Peterson, *Mitchelville Preservation Project*; Eleanor O'Key, *Lowcountry Inside Track*; Charles Brown, *Marriott*; Ralph Wagner, *Shore Beach Services*, David Ames and other members of the community.

Media: None

1. Call to Order:

The meeting was called to order at 2:00 p.m.

2. FOIA Compliance:

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes:

Mr. Harkins moved to approve the minutes from the Finance and Administrative Committee Meeting on April 5, 2016 at 1:00 p.m. Mr. Lennox seconded, and the motion passed with a vote of 3-0.

4. Unfinished Business:

a. USCB/Clemson proposed analysis/study on the effect of a Hilton Head Island Performing Arts Center on property values.

Dr. John Salazar, USCB informed the Committee members the proposed process analysis on the demand for the Hilton Head Island Performing Arts Center. He stated that the project results will identify the estimated annual demand and future demand for performing arts activities. With the study, they will be able to examine the current and future demand for the following activities: stage plays, jazz concerts, ballet performances, musical theatre performances, visits to art museums/galleries, classical music concerts, opera performances, speaker series, vocal performances, and other performances. The results of the survey will identify the annual frequency of current residential use and estimate potential future demand based on a hypothetical improvement of the existing performing arts center. The results will be utilized as the foundation to the Clemson University Strom Thurmond Institute hedonic analysis that will estimate the current impact of the performing arts on residential property values on Hilton Head Island. He gave a brief synopsis of using the Dillman design method to collect responses of the survey participants. The basic steps will include: sending a

personalized advance notice letter; one week later-sending the complete survey package with a cover letter, instructions, the questionnaire and a return envelope with postage; one week later-sending a follow-up postcard; two weeks later-sending a new cover letter, questionnaire and return postage postcard to those who have not responded; and lastly sending a final contact to request completion of the survey. He stated that the total cost for this portion of the study will be \$26,450.

Dr. Robert Carey, Clemson University, informed the Committee members the second portion of the analysis will be conducted by the Regional Economic Analysis Laboratory at the Strom Thurmond Institute, Clemson University. He stated that it will consist of three components: a hedonic analysis, an economic impact analysis of the arts and cultural activities on the Town as it currently exists, and an economic impact analysis of an improved performing arts presence in the region. The hedonic analysis will estimate the current impact of the performing arts on residential property values on the Island. He stated that the data on frequency of attendance at arts and cultural activities will be tied to sale price for most recent transaction for the associated property in order to measure the effect that access to performing arts has on residential property values. By collecting data on the estimates of “value” from the models provided, it will help provide a baseline measure of a “wealth effect” generated from arts and cultural events.

An economic impact analysis will also be conducted utilizing data gathered through survey of Island residents and the REMI model as well as data on operational spending by local arts and cultural organizations. This model will indicate the impact that the currently-existing arts and cultural community on the local economy in terms of jobs created, income, and economic output. The total cost for this portion of the study will be \$21,900.

Mr. McCann invited the Committee to ask questions and provide opinions on whether the Town should commit to this project. The Committee members and Mrs. Likins expressed concerns whether the study would answer the questions they desired – mainly about the impact of a new performing arts center. Mr. McCann requested that Drs. Salazar and Carey return on May 3 to present and allow the full Council to determine whether the Town should procure this study.

5. New Business:

a. Review Proposed Fiscal Year 2016-2017 Affiliated Agencies Budget:

Coastal Discovery Museum

Rex Garniewicz, Coastal Discovery Museum (CDM), discussed its proposed 2017 budget and presented one additional budget request. The additional request included a joint collaboration with Mitchelville Preservation Project (MPP) for an executive director. The total requested budget for fiscal year 2017 is \$273,000. This includes property maintenance, museum management, the sea turtle project and one MPP executive director. Mr. Garniewicz highlighted how each requested budget would be used and highlighted the programs that the Coastal Discovery Museum hosts throughout the year. Bill Harkins asked how CDM & MPP would deal with conflict should it arise with this collaboration. Mr. Garniewicz stated that the review committee will consist of two members from CDM and two from MPP, however, both have the same common goal of succeeding in mind. Shirley Peterson, MPP Chairwoman, stated that she thought MPP is an expert in managing its story and the CDM is an expert in managing the museum and the two together would be a good. Kim Likins, Council member, asked why the partnership would only last two years. Mr. Garniewicz stated that the goal is

that within two years the executive director position would be self-sustaining. He also stated that CDM will still continue to sell tickets for the MPP programs and assist in developing new programs. Mr. McCann asked if there was a written agreement between CDM and MPP regarding the executive director position. Mr. Garniewicz stated they are in the final stages of finalizing an agreement and would provide it to the Committee prior to its next meeting. Mr. McCann thanked Mr. Garniewicz and Ms. Peterson for their time and presentation.

Island Recreation Association

Frank Soule, Executive Director-Island Recreation Association (IRA), presented the Committee its Fiscal Year 2017 budget. He stated that with the proposed budget, IRA asked for an additional \$25K this fiscal year. Mr. Soule stated that the IRA board has challenged staff to raise an additional \$61K for program revenues and an additional \$62K for event revenues. He highlighted the overall expenses that have increased such as the general liability insurance due to the increased water programs they offer and also health insurance for its staff. Mr. Harkins asked if the IRA has considered being a part of Beaufort County or the Town's health insurance. Mr. Soule stated that if allowable they would consider it; he state that he would seek more information. Mrs. Likins asked how many full time staff members IRA currently has and whether Soule anticipated needing to hire more. He stated that the IRA currently has 13 full-time staff members; they plan to hire 2-3 more full-time staff members when the new facility is open to help cover the shifts as they will be open earlier/later and also hope to increase programs offered. Mrs. Likins also asked if the IRA has an endowment fund and Mr. Soule stated they do have a fund of \$110K but it is specifically for the use of scholarships at this time. The total requested budget for fiscal year 2017 is \$950,052, including operations and capital. Mr. McCann thanked Mr. Soule for his presentation.

Shore Beach Services

Ralph Wagner, Shore Beach Services (SBS), presented its fiscal year 2017 budget to the Committee members. He stated that SBS operates year-round and covers 13.5 miles of beach from Fish Haul Creek on the north end to Braddock Cove on the south end. The total requested budget for fiscal year 2017 is \$247,257 which is a 6% increase from fiscal year 2016. The increase will cover vehicle, labor and other costs associated with beach patrol. Mr. Wagner highlighted the services included in the proposed budget which includes: (April 1-September 30) two beach patrol supervisors 9am – 5pm and one beach supervisor for on call purposed through the 911 central dispatch 5pm-9am; (May 1 – Labor Day) two manned personal watercraft to assist in off-shore services, trash collection/recycling; (May 1-Labor Day) expanded beach patrol to assist in beach ordinance issues, installing/maintaining beach matting and dog litter station maintenance. Mr. McCann thanked Mr. Wagner for his time and presentation.

b. Town Council Budget Initiatives for FY 17.

Susan Simmons, Director of Finance, discussed Town Council budget initiatives for fiscal year 2017. The following budget items were added: Visioning Process which includes consultant(s) and an on-site projects coordinator/vision team-\$400K; Arts Collaborative Study which includes HHICAN- \$224,872 and the venue committee-\$200K for a total of \$424,872; Cordillo Courts which includes replacing the tennis courts, adding lighting and possibly a bathroom \$200K; and no new funds for Circle to Circle but completing the existing consulting contract; and public communications should have a new total of \$100K with \$10K dedicated to mayoral speech writing and \$50K for the Arts. The total for FY2017 funds requested is \$1,124,872; however a significant portion of that will be rolled from

FY2016 for the same purpose. Mr. McCann requested that these FY2017 Council Initiatives be summarized and taken to full Council on May 3, 2016.

6. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. McCann seconded. The motion passed with a vote of 2-0 as Mr. Lennox left prior to voting. The meeting was adjourned at 3:34 p.m.

Approved: May 3, 2016

Respectfully submitted:

John McCann, Chairman

Cindaia Ervin, Secretary