



The Town of Hilton Head Island Regular Finance & Administrative Committee Meeting

Tuesday, February 16, 2016

1:30 p.m. – Conference Room 3

*Please note of
time change.

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

1. **Call to Order**
2. **Freedom of Information Act 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**
 - a. Finance and Administrative Committee Meeting, January 12, 2016
 - b. Finance and Administrative Committee Meeting, January 19, 2016
4. **Unfinished Business**
None
5. **New Business**
 - a. Discussion regarding DMO metric reporting calendar.
 - b. General Discussion with the Island Recreation Center regarding programming.
 - c. Hilton Head Plantation Beach Erosion.
 - d. USCB/Clemson proposed analysis/study on the effect of a Hilton Head Island Performing Arts Center on property values.
 - e. Budget process for development of the Stormwater Fee.
 - f. Monthly Financial Statements: Discussion of form/narrative.
 - g. Process of out of cycle ATAX requests.
6. **Executive Session**
 - a. Related to potential land acquisition in the Shelter Cove area.
7. **Adjournment**

Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.

TOWN OF HILTON HEAD ISLAND
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

Date: January 12, 2016 **Time:** 2:00 p.m.
Members Present: John McCann, *Chairman*; Bill Harkins, Tom Lennox, *Council Members*
Members Absent: None
Staff Present: David Bennett, *Mayor*, Steve Riley, *Town Manager*; Susan Simmons, *Director of Finance*; Scott Liggett, *Director of Public Projects*; Charles Cousins, *Director of Community Development*; John Troyer, *Deputy Director of Finance*; Jill Foster, *Deputy Director of Community Development*; Cindaia Ervin, *Finance Assistant*
Others Present: Kim Likins; *Council Member*, Eleanor O’Key, *Lowcountry Inside Track*, Ray Deal; *Hilton Head Island-Bluffton Chamber of Commerce* and other members of the community.
Media: The Island Packet

1. Call to Order:

The meeting was called to order at 2:05 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:

None

4. Unfinished Business:

None

5. New Business:

a. Discussion of Town of Hilton Head Island Capital Project Sales Tax Recommendations to Beaufort County.

Scott Liggett, Director of Public Projects, opened the meeting with staff recommendations for Town projects for the Proposed Capital Projects Sales Tax for Beaufort County. The list included road improvements, funding for a projected Arts Center and pathway program. The Committee discussed their thoughts behind each proposed category and the proposed budget. David Bennett, Mayor, discussed his concern is that there is not a sizeable venue in the area for performance and heritage-related events and feels that this proposed venue will enhance the quality of life on Hilton Head. He proposed an Arts & Cultural campus with Lowcountry style with an iconic design which continues Hilton Head’s design reputation – he referenced iconic as being similar to the lighthouse in Sea Pines. The Committee’s consensus on the criteria for compiling a list of proposed projects are importance of having a tangible project, time-limited in terms of the funding cycle, countywide benefit, size that goes beyond a particular municipality, and sustainability. The Committee’s proposals to Council are that the proposed bridge replacement coming onto the

Island, possible construction of an Arts Campus, Mitchellville, and dirt roads should be included in the recommendation to Beaufort County.

b. Discussion of Town’s Expectation from Apportionment of Capital Project Sales Tax Funds.

John McCann, Chairman, wanted to discuss the Committee’s expectation of the funds to be received by the Town from the proposed capital project sales tax. The Committee, Ms. Likins and the Town Manager discussed the pros and cons of setting an expectation regarding the dollar or percentage of funds that should be apportioned to the Town. The discussion led more to having projects that impacted a wide range of citizens in the Town and the County and to the importance of having projects that are well-defined and would be supported by the voters in a referendum. Mr. Harkins, Committee Member, stated that it is a priority for the Committee’s proposed projects to be on the ballot. He stressed the importance of how good the projects are for the County and for the citizens, and emphasized it is important that the citizens feel good and support the Committee’s decision on the four projects. Mr. McCann asked Kim Likins, Council Member her thoughts. She shared that “we” as citizens, if we are going to propose a project sales tax, “we” as a community would want to benefit from them as well. Steve Riley, Town Manager, stated that voters are looking for worthy projects and that they can support and vote for ones on and off Island. He used the example of widening of Highway 170 and the strong voter turnout in favor of the impact it had on people traveling to and from the area. There was a discussion that the new public relations firm might be used in regards in this regard.

Mr. Harkins made a motion to not have a specific expectation of funds to be received from the capital project sales tax and Mr. Lennox seconded. The motion passed with a vote of 3-0.

6. Adjournment:

Mr. Lennox made a motion to adjourn and Mr. Harkins seconded. The motion passed with a vote of 3-0 and the meeting was adjourned at 3:20 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Cindaia Ervin, Secretary

TOWN OF HILTON HEAD ISLAND
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

Date: January 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*; Scott Liggett, *Director of Public Projects*; John Troyer, *Deputy Director of Finance*; and Cindaia Ervin, *Finance Assistant*
Others Present: Shirley Freeman, *Director of Finance-Town of Bluffton*; Kim Likins, *Council Member*; Ray Deal, *Hilton Head Island-Bluffton Chamber of Commerce*; and other members of the community.
Media: The Island Packet

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:

- a. Mr. Lennox moved to approve the minutes from the Finance and Administrative Committee Meeting on December 1, 2015 at 2:00 p.m. Mr. Harkins seconded, and the motion passed with a vote of 3-0.
- b. Mr. Harkins moved to approve the minutes from the Finance and Administrative Committee Meeting on January 5, 2016 at 2:00 p.m. Mr. Lennox seconded, and the motion passed with a vote of 3-0.

4. Unfinished Business:

Mr. McCann, Chairman, intends to establish the dates of metrics and finalize business with the Chamber for next meeting.

5. New Business:

a. General Discussion with the Town of Bluffton Regarding Zero Based Budgeting Processes

Mr. Bill Harkins, Council Member, advances the subject to see if the Town can learn from others like the Town of Bluffton and share thoughts. Mr. Harkins suggested that the intent of this discussion is not to reduce staff, but rather optimize Town dollars.

Shirley Freeman, Director of Finance-Town of Bluffton, explained her Town's approach of a modified Zero Based Budget (ZBB) to cut out waste and provide more direction to all personnel. Regarding money designated for next year, consider benefits that will aid Council in achieving its goals. Mrs. Freeman reviews detailed budget reports monthly for each department to determine budget vs. actual status and look for trends which require

budget action. One previous observation was the significant increase in legal fees. Bluffton saved \$25,000 annually by shifting cases in Court to 2-3 days per week rather than daily.

Ms. Freeman expressed that it takes time to do Zero Based Budgeting and to allow project managers to shift employees that best fit the issue. Mr. Harkins asked how long they have been doing Zero Based Budgeting. Mrs. Freeman responded that it started with Mr. Anthony Barrett's tenure as Town Manager. Mr. John McCann, Chairman, thanked Mrs. Freeman for her time to speak with the Committee.

b. General Discussion of Timetable/Work to be accomplished regarding Town/Chamber Contract

The Committee desires to define the timetable and work tasks associated with the new Designated Marketing Organization (DMO) contract between the Town and the Hilton Head Island-Bluffton Chamber of Commerce/Visitors and Convention Bureau, Mr. Harkins explained that the marketing plan is most important to share with Town Council, reach a consensus, and be accepted by the Hilton Head Island-Bluffton Chamber of Commerce.

Tom Lennox, Council Member, suggested that a representative from this Committee be a part of examining accounting records for the Chamber twice a year. The Committee discussed whether there should be more than one Town representative and whether the representatives should be Council/Committee members or Town staff. Mr. Lennox stated that he believes the Town should examine the records in addition to receiving annual auditor and attorney reports. He explained the two goals of drafting the Contract, which are program compliance and effectiveness of the expenditures. Brian Hulbert, Staff Attorney, stated the contract allows for **one** from Council **or** staff. The Committee decided to talk to the Chamber to request it allow a Council **and** a staff representative. Mr. Lennox volunteered to be the Council/Committee representative to examine the financial records for the first year; Mr. McCann appointed Mr. Lennox to that role.

6. Executive Session

a. Related to potential land acquisition in the Shelter Cove area.

At 2:30 p.m. Mr. Harkins moved to enter into Executive Session to discuss potential land acquisition in the Shelter Cove area. Mr. Lennox seconded and the motion was approved by a vote of 3-0.

Mr. McCann called the meeting back to order at 3:25 p.m., and announced there was no action taken as a result of the Executive Session.

7. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. Lennox seconded. The motion passed with a vote of 3-0 and the meeting was adjourned at 3:25 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Cindaia Ervin, Secretary

The Proposed University of South Carolina Beaufort and Clemson University Hedonic Analysis for Hilton Head Island, SC

Researchers from University of South Carolina Beaufort (USCB) Lowcountry and Resort Islands Tourism Institute (LRITI) and Clemson University (CU) Strom Thurmond Institute are pleased to respond to the hedonic analysis research request submitted by the Town of Hilton Head Island. Researchers from both Institutes have conducted studies for various federal, state, and local government agencies, nonprofit and non-government organizations. Since 2005, the Institutes at USCB and CU have collaborated on multiple tourism, economic, and real estate research projects for the Lowcountry region. Those projects include (but are not limited to): the economic impact of the RBC Heritage Golf Tournament, the economic impact of tourism on Hilton Head Island, economic impact of bicycling on Hilton Head Island, Act 388 and school funding in Beaufort County, and site assessment and feasibility study for Hilton Head National Golf Course.

The Study

The proposed analysis will estimate the effect of a Hilton Head Island performing arts center on property values with an emphasis on residential property. Because amenity values (for example, view sheds, clean air/water, or proximity to cultural amenities) are often not *explicitly* priced in the market, they can be difficult to quantify. However, the hedonic approach theorizes that the value of such amenities are factored into the price of residential property that is located close by. Specifically, hedonic models operate on the premise that the value of a given property is a function of the following factors:

1. The property's specific attributes, for example, lot size, age of home, square footage, etc.;
2. Neighborhood characteristics, such as the location within a subdivision and proximity to shopping, business centers, etc.;
3. Proximity to cultural and recreational amenities, like a golf course or, specific for this study, a performing arts center, and
4. Proximity to environmental amenities, such as a greenspace, beach, etc.

Our analysis will use a hedonic model that will examine factors such as those above in order to approximate the impact of each on property values in Hilton Head, holding constant for all of the others. The analysis will incorporate a spatial analysis using GIS modeling in order to account for distance from various amenities. The analysis will require from the Town a GIS shapefile containing property attributes and sale dates and prices for all parcels located on the island. Mr. Dan Morgan from the Beaufort County Mapping and Geographic Services has already approved the use of the Hilton Head Island GIS data.

An example (using hypothetical numbers) of the type of finding that may be generated by a hedonic model would be that a home located within 0.5 miles of a golf course will sell for some \$10,000 more than the same home located two miles from a golf course, holding constant for all of the other factors listed above. Likewise, a home with a beach view will sell hypothetically for \$30,000 more than an identical home located inland away from the beach, all else equal.

The Research Team

USCB Lowcountry and Resort Islands Tourism Institute

John Salazar, Ph.D.

Dr. Salazar is a Professor of Hospitality Management at USCB. He is also the Director of the Lowcountry and Resort Islands Tourism Institute. Dr. Salazar has participated in city, county, state, and regional tourism and economic development projects throughout the US. He has conducted research that has been funded by corporations, universities, regional and state tourism bureaus, various farm bureau initiatives, and the US Department of Transportation.

Nancy Hritz, Ph.D.

Dr. Hritz, has been a faculty member and researcher at USCB since the fall 2015. Prior to that she was at the University of North Carolina Wilmington for nine years where she was Coordinator and Director of the Coastal Hospitality Research Group. She has completed multiple research projects that include visitor profiles, conversion studies, and impact studies with organizations such as the Wilmington and Beaches Convention and Visitor Bureau, Town of Wrightsville Beach, NC, Cape Fear Museum of History and Science, Moore's Creek National Battlefield (US National Park Service) and United States Masters Swimming.

Serkan Catma, Ph.D.

Dr. Catma holds a bachelor's degree in Economics from Istanbul University; MBA and a PhD in Natural Resource Economics from West Virginia University. He is an Associate Professor of Economics at USCB. His research has focused on three areas: Environmental Economics, Economics of Higher Education, and Public Policy Analysis. Dr. Catma has been conducting public policy and economic impact analyses since 2013.

Anton Abraham, MS

Anton Abraham is a visiting research associate from Germany. He studied Sociology and History in Dresden, Bordeaux and Berlin and earned his Master's Degree in Sociology in 2013 at the University of Technology in Dresden, Germany. During his graduate studies, he worked in various research coordination positions. He also worked several years at the Dresden Airport Holding.

CU Strom Thurmond Institute

Rob Carey, Ph.D.

Dr. Carey is director of the Regional Economic Analysis Laboratory (CU-REAL) at the Strom Thurmond Institute. CU-REAL performs economic and fiscal (government revenue/expenditure stream) impact assessments for both public and private sector clients. Dr. Carey has been at the Strom Thurmond Institute since 2005. He has been performing economic impact analyses since 2006 and has been director of CU-REAL since 2009. To date, he has authored in excess of fifty economic impact studies, including those conducted through CU-REAL and his private consulting practice, Regional Transactions Concepts, LLC.

Lori Dickes, Ph.D.

Dr. Dickes has Bachelors and Master’s Degrees in both Applied Economics and Political Science from the University of Central Florida and a PhD in Policy Studies from CU. Her research and academic work has focused on regional and rural economic development and the economic and social impacts of natural resource policy and management. She is Program Director of the CU Masters in Public Administration Program and Assistant Director of the SC Water Resources Center.

David White, Ph.D.

Dr. White has a background in developing, planning, and implementing activities in support of Geographic Information Systems (GIS). His most recent efforts are focused on the design of real-time data quality control solutions for Internet of Things (IoT) and analytics. He has a strong background in desktop GIS focused on the development of analytical data sets for mining of demographic and socio-economic values at multiple scales (local to national).

Cost

The project cost for the hedonic analysis is \$35,000. The cost will cover the research labor for both the USCB and CU research team. Consequently, two separate invoices will be sent from the individual institutions. The cost breakout is as follows:

USCB LRITI	\$17,500.00
CU Strom Thurmond Institute	<u>\$17,500.00</u>
Total cost	\$35,000.00

Timeline

The total time to complete the study will be approximately eight weeks after the contract is awarded. Once completed, the research team will present the results to the Town of Hilton Head Island.

Contact Information

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