

# TOWN OF HILTON HEAD ISLAND

## FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

**Date:** April 23, 2019 **Time:** 2:00 p.m.

**Members Present:** Tom Lennox, *Chairman*, William Harkins and Tamara Becker, *Council Members*

**Members Absent:** None

**Staff Present:** Josh Gruber, *Assistant Town Manager*; Brian Hulbert, *Staff Attorney*; John Troyer, *Director of Finance* and Cindaia Ervin, *Finance Assistant*

**Others Present:** John McCann (*Mayor*); Glenn Stanford and David Ames *Council Members*; Bill Miles, Ariana Pernice, Ray Deal, Charlie Clark, Kelli Brunson, *Hilton Head Island-Bluffton Chamber of Commerce*; Chester Williams, *Law Office of Chester Williams LLC*; Skip Hoagland; Elizabeth Davis; Jocelyn Steiger, *Hilton Head Island Assoc. of Realtors*; Eleanor Lightsey, *Lowcountry Inside Track* and other members of the community.

**Media:** Katherine Kokal, *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. Harkins moved to approve the Finance and Administrative Committee Meeting minutes from March 19<sup>th</sup>, 2019. Mrs. Becker seconded, the motion was approved unanimously.

**4. Unfinished Business- None**

**5. New Business**

**a. General Discussion Regarding the 2018 Destination Marketing Organization Year End Performance Metrics for the Hilton Head Island-Bluffton Chamber of Commerce.**

Tom Lennox, Chairman, opened the meeting with a brief statement outlining today's meeting. He introduced Ariana Pernice of the Hilton Head Island-Bluffton Chamber of Commerce who presented the 2018 Destination Marketing Organizations (DMO) Industry Metrics based on their contract with the Town. The purpose of a DMO is to represent the destination and help in the long-term development of a community through the creation and implementation of travel and tourism strategy. The mission of the DMO is to lead the local travel and tourism industry by marketing and guiding the Hilton Head Island destination brand experience to generate sustainable economic vitality. With the efforts of the DMOs 800K web conversions to its local partners, Hilton Head was able to host 2.26M visitors in 2018 with a \$17.63 ROI per dollar of marketing money invested. From tourism, 15,786 jobs were generated which accounts for 14.4% of all jobs in Beaufort County.

The DMO initiated a very effective public relations and media recognition of Hilton Head with over 1,600 covered stories with 1.8B impressions for an ad equivalency of \$21M. With receiving accolades in world renowned publications as Conde Naste & Travel and Leisure the DMO has been able to continue to tell the “story” of Hilton Head. These accolades demonstrate that Hilton Head stayed on the minds of visitors even when weather related crises occurred. Bill Harkins, Committee Member, asked if organic searches could be explained and Mrs. Pernice stated that organic search uses key words that the visitor uses to search themselves about the destination versus paid target media advertising. The DMO uses Google to track these searches which allows them to understand what is on the consumer’s mind.

Mr. Lennox opened the floor to public comment.

**Skip Hoagland:** Mr. Hoagland appeared before the Committee to discuss the matter related to the Hilton Head Island-Bluffton Chamber of Commerce (DMO).

**Elizabeth Davis:** Ms. Davis appeared before the Committee to applaud the DMO in their marketing efforts for Hilton Head worldwide. She also discussed her concern with the Town withdrawing its backing of the DMO and the negative perception it could cause.

Mr. Lennox stated that he regularly follows the amounts and trends of the State and Local Accommodations Tax, Hospitality Tax and Beach Preservation Fees of which the majority of the Towns general fund is comprised of. These trends of the past 10 years have been up and this is what he uses to weigh the effectiveness of the tourism industry on the Island. He is very encouraged by what he sees and what the future holds based on the services the Town receives from the DMO. The Committee Members were pleased with the industry metrics provided for 2018 and Mr. Lennox stated the he would report to Town Council that the DMO is in compliance with current agreement and thanked those present from the Hilton Head Island-Bluffton Chamber of Commerce.

#### **b. Discussion Regarding the Hilton Head Island-Bluffton Chamber of Commerce Destination Marketing Organization Agreement.**

Tom Lennox, Chairman, stated that over the past few months the Committee has discussed making additions and improvements to the Hilton Head Island-Bluffton Chamber of Commerce DMO Agreement and also the Town choosing not to automatically renew the existing agreement when it expires at the end of 2020. The Mayor stated that he felt that it would be in the best interest of the Town to notify the DMO that the Town would not automatically renew its current agreement as soon as today.

Mr. Lennox made a motion to recommend to the Hilton Head Island Town Council that the Contract for Professional Services between the Town and the Hilton Head Island-Bluffton Chamber of Commerce, with the effective date of December 1, 2015, be terminated upon the expiration of the initial term, and the Town proceed to a Request for Qualifications (RFQ) and/or a Request for Proposals (RFP) for Designated Marketing Organization Services. Mr. Harkins seconded and the motion was approved unanimously. (This motion was voted on after public comment was heard).

Josh Gruber, Assistant Town Manager, stated that the existing contract states that the Finance & Administrative Committee shall report a summary of evaluation of the current contract to Town Council.

Mr. Harkins made a motion that based on the data provided by the DMO received by the Finance & Administrative Committee Meeting, report a summary of evaluation to Town Council at the upcoming meeting in May. Mrs. Becker seconded and the motion was approved unanimously. (This motion was voted on after public comment was heard).

Mr. Lennox opened the floor to public comment.

**Skip Hoagland:** Mr. Hoagland suggested to the Committee that they propose new terms and conditions of how to invest marketing money is to be used for public relations and marketing efforts by the DMO. He also believes that the Town should own the DMOs App and Website that they have built for the Town.

**Jocelyn Steiger:** Mrs. Steiger appeared before the Committee to praise the Town's tourism industry to the DMO and the marketing efforts they have made. She also wanted to know if the current DMO would still have the opportunity to apply when the current contract expires. Mr. Lennox respond that he encourages the Hilton Head Island-Bluffton Chamber of Commerce to respond to the RFQ/RFP.

Mr. Lennox provided the Committee and Citizens present with a final statement that the contract requires an Annual Independent Auditors report, DMO reports of all revenues and expenses, Tax Returns, Right to Inspect to verify compliance, and a Legal Opinion confirming that all expenditures are in compliance with state code. This process is followed up by oversite from the State of SC Tourism Expenditure Review Committee, whose mission is to review reporting forms from applicable entities for compliance of the law. Mr. Lennox thanked all those present for their time.

## 6. Adjournment:

Mr. Lennox adjourned the meeting at 2:53 p.m.

**Approved:**

**Respectfully submitted:**

---

**Tom Lennox, Chairman**

---

**Cindaia Ervin, Secretary**