



The Town of Hilton Head Island Regular Public Facilities Committee Meeting

October 4, 2011

2:00 p.m. – Benjamin M. Racusin Council Chambers

AGENDA

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

- **Call to Order**
- **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.
- **Committee Business**
 1. Approval of Minutes
 - September 6, 2011
 2. Approval of Proposed 2012 Meeting Dates
- **Unfinished Business**
- **New Business**
 - Proposed Island Recreation Center/Aquatics Facility Expansion/SHARE Senior Center Relocation – Master Plan Presentation
- Adjournment

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

1 **TOWN OF HILTON HEAD ISLAND**
2 **PUBLIC FACILITIES COMMITTEE**
3

4 Date: September 6, 2011

Time: 3:00 P.M.

5
6 Members Present: Kim Likins, George Williams, Bill Harkins
7

8 Members Absent: None
9

10 Staff Present: Scott Liggett, Charles Cousins, Shea Farrar, Lavarn Lucas, Ed
11 Boring, Jill Foster
12

13 Others Present: Ken Heitzke, Bill Ferguson, *Councilmen*
14

15 Media Present: Tom Barton, *The Island Packet*
16

17
18
19 **1. Call to Order.**

20 The meeting was called to order at 3:00 P.M.

21 **2. FOIA Compliance:**

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

25 **3. Committee Business:**

26 **1. Approval of Minutes:**

27 Councilman Williams moved to approve the Minutes of August 2, 2011. Chairman
28 Likins seconded. The Minutes of August 2, 2011 were unanimously approved.
29

30 **4. Unfinished Business:** None
31

32 **5. New Business**

33 **Jenkins Island Tower Conceptual Location**

34 Shea Farrar, Senior Planner advised staff is requesting the Public Facilities
35 Committee forward a recommendation to Town Council to approve in concept the
36 location of a telecommunications tower on the Town's Jenkins Island property, with
37 the following conditions:

- 38 • An easement and land lease with American Tower are executed for the site.
- 39 • The tower is a monopole style tower with a maximum height of 140 feet.
- 40 • The antenna space from 120 feet to 130 feet is reserved for the Town's use at no
41 charge.
- 42 • The site is limited to an area approximately 70 feet by 70 feet in size.
- 43 • The access to the site is off of the driveway leading to the Reverse Osmosis
44 Plant.
- 45 • The storage and use of any potential ground water pollutants is prohibited
46 within the 100 foot radius Pollution Free Zone for the adjacent well.
47

48 American Tower has requested the Town allow the construction and operation of a
49 140 foot monopole telecommunications tower on Town owned property on Jenkins
50 Island, adjacent to Hilton head Public Service District's Reverse Osmosis facility.
51 The tower would be the same as the tower planned for Fire Station 7 and would
52 help improve service on Jenkins Island, which includes the critical U.S. 278
53 corridor. Space would be reserved on the tower for the Town's emergency
54 management equipment.

55
56 Jim Collett, Chairman of the Town's Telecommunications Task Force stated they
57 want to support the tower, but want to come back mid-October to brief Town
58 Council and the public. We have had meetings with executives from Verizon and
59 AT&T as well as the tower companies and we have learned a lot. AT&T said they
60 envision as many as 12 additional towers on the island.

61
62 Councilman Harkins asked Deputy Fire Chief Ed Boring what this tower will do for
63 Fire & Rescue. Chief Boring stated it allows them to grow into mobile data
64 transfer. We use considerable amount of mobile data right now on our fire engines
65 and ambulances. We are connected by way of Verizon air cards. The space that we
66 asked for on the tower will allow us at some point build in cooperation with the
67 Feds a wide area network that will work on the same type of technology that cell
68 data is transferred today.

69
70 After a brief discussion, Councilman Harkins moved acceptance of staff's
71 recommendation and suggest we move this forward for Town Council's
72 consideration. Councilman Williams seconded. The motion passed unanimously.

73
74 **6. Adjournment:**

75 Councilman Williams moved to adjourn. Councilman Harkins seconded the
76 motion. The meeting was adjourned at 3:17 p.m.

77
78 Respectfully Submitted,

79
80
81
82

Karen D. Knox
83 **Senior Administrative Assistant**

Town of Hilton Head Island, South Carolina

2012

**Public Projects & Facilities Committee
Meeting Dates**

Benjamin M. Racusin Council Chamber

**First Tuesday of the Month
2:00 P.M.**

JANUARY 3

JULY 3

FEBRUARY 7

AUGUST 7

MARCH 6

SEPTEMBER 4

APRIL 3

OCTOBER 2

MAY 1

NOVEMBER 7*

JUNE 5

DECEMBER 4

***Because November 6th is Election Day, meeting has been moved to
Wednesday, November 7th**



TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: Public Facilities Committee
VIA: Teri Lewis, AICP, *LMO Official*
FROM: Nicole Dixon, CFM, *Senior Planner*
CC: Charles Cousins, AICP, *Director of Community Development*
DATE: September 26, 2011
SUBJECT: Proposed Island Recreation Center/Aquatics Facility Expansion / SHARE Senior Center Relocation – Master Plan Presentation

Recommendation: Staff recommends that the Public Facilities Committee endorse the findings and recommendations provided in the Master Plan prepared by Lee & Parker Architects, in a joint-venture with The FWA Group and Mission Resources Group, regarding the proposed Island Recreation Center / Aquatics Facility expansion and SHARE Senior Center relocation, and recommend approval to Town Council.

Specifically, staff is asking that Town Council:

- Accept the Master Plan
- Endorse all or portions of the consultant's findings
- Direct staff to incorporate that endorsement into the proposed Fiscal Year 2013 CIP budget
- Separate out the SHARE Senior Center relocation from the Recreation Center project and include it as a separate line item in the proposed Fiscal Year 2013 CIP budget

Summary: At the February 1, 2011 Town Council meeting, Council voted to approve the elements identified in the Feasibility Study prepared by Lee & Parker Architects, for the proposed Island Recreation Center/Aquatics Facility/SHARE Senior Center expansion project, with the following conditions recommended by staff:

- Change the competitive pool construction to be built in Phase 1 instead of Phase 3 to allow no down time for swimming teams;
- The SHARE Senior Center be located in an existing shopping center;
- Give direction to staff to move forward with working with our consultant to prepare a Master Plan, to include but not be limited to:
 - Create an itemized list detailing what steps are required for each phase in order to be able to apply for all required development and building permits;
 - Create a construction time frame for each phase;
 - Create a cost estimate per facility for each phase;
 - Provide additional cost estimates for designing and constructing the building using “green”/LEED options and for constructing the building to be able to use for disaster recovery situations;
 - Direct Town’s Finance staff and the consultants work with the Island Recreation Center to further refine the proposed revenues and cost estimates related to the designated phasing.

Town Council directed staff to proceed with Phase 2 of the proposed project, which was to work with our consultants to prepare the Master Plan.

The following attachments are included for your review:

- Powerpoint Presentation Slides
- Design & Financial Analysis
- Proposed Phasing Plan
- SHARE Senior Center generic plan
- Assumptions & General Comments
- Costs Analysis
- Letter from Beaufort County School District

Background: Town Council's Policy Agenda for 2011 has Evaluating the Feasibility Study for the Recreation Center Expansion listed as a top priority. Town Council's Policy Agenda for 2010 had Recreational Center & Aquatics Facilities Direction listed as a high priority. Town Council's Policy Agenda for 2009 had Recreational Center & Aquatics Facilities Direction listed as a moderate priority. In June, 2009, Town Council approved a budget which included \$95,000 in the CIP to fund a process to determine what direction the Town should take in addressing requests for an aquatics center and enhancements to the current recreation center. An additional \$200,000 for design of the project was approved in the 2012 CIP budget.

The need for additional swimming pools and enhancing the existing recreation center has been a topic of discussion for many years. As part of this latest effort, a recreational needs survey was conducted in 2008 and a potential site plan was developed to address needs identified in the survey. At several meetings held in 2008 and 2009, the Parks and Recreation Commission, the Public Facilities Committee and Town Council accepted the findings of the survey results and identified the following elements that should be included as part of the proposed enhancements to the recreation center:

- A second gym the same size as the current space
- Senior meeting/social and general multi-purpose space (total 4,500 sq. ft.)
- 10 lanes 25 yards swimming lap pool with warm water tank
- Splash pad for Children
- Support elements such as locker rooms and storage

At the November 17, 2009 Town Council meeting, the council voted to approve funding for a feasibility study. Town Council also directed staff to have an analysis done as part of this study to determine whether the SHARE Senior Center should occupy vacant commercial space elsewhere on the Island or be combined with the Recreation Center expansion. Staff hired a consultant team, Lee & Parker Architects, The FWA Group and The Mission Resources Group, to conduct the feasibility study and business plan detailing the financial implications involved with the proposed project.

At the January 4, 2011 meeting of the Public Facilities Committee, the committee voted to recommend that Town Council endorse the findings and recommendations provided in the Feasibility Study. At the January 13, 2011 meeting of the Parks & Recreation Commission, the commission voted to recommend conceptual approval of the Feasibility Study to Town Council. Some of the concerns voiced at the meeting were: the importance of a splash pad for children because it will be a revenue generator and will draw families to the facility; the drawback for leasing space for the SHARE Senior Center because the Town doesn't own it and it is not expandable; and the importance of getting the SHARE Senior Center into new space now as the space they are in currently is inadequate and not appealing to the public.



Island Recreation Center & SHARE Senior Center Enhancement/Expansion Planning Phase II

September 23, 2011

Island Recreation Center & SHARE Senior Center

Approach & Scope

The Island Recreation / Aquatic facility and the SHARE Center have been treated as separate projects.

Recreation Center & Aquatic Facility:

- 1. Refined the phasing plan using the public and staff comments from our initial feasibility study, Important to this was:**
 - That the facilities needed to stay in operation and be safe during the construction
 - That committing to one phase did not commit you to do any of the subsequent phases

- 2. Using the refined plan:**
 - Verify LMO compliance including parking counts
 - Established construction times for each phase
 - Using historical data and an aquatic facility consultant developed construction costs per facility and phase including a percentage premium for building to a LEED silver standard

- 3. Working with town finance and island recreation staff updated revenue and cost estimates related to the refined phasing including:**
 - Alternative capital sources for facility construction



Island Recreation Center & SHARE Senior Center

Approach & Scope

Share Center:

- 1. Revisited available building stock in the identified desirable areas using the public and staff comments from our initial feasibility study.**
 - It became apparent that it was impractical to look at a specific lease space because of the project timeline.
- 2. Upon staff recommendation a generic lease space was used :**
 - Established construction time and cost including a percentage premium for renovating to a LEED silver standard.
- 3. Working with town finance and SHARE staff refined revenues and cost estimates related to the project including:**
 - Identify and quantify possible alternative capital sources for facility construction
- 4. The finance study indicated that ownership of the SHARE facility had inherent benefits so we expanded our study to include:**
 - Buy and renovate
 - Buy severely distressed property demolish and build new
 - New construction on town owned land

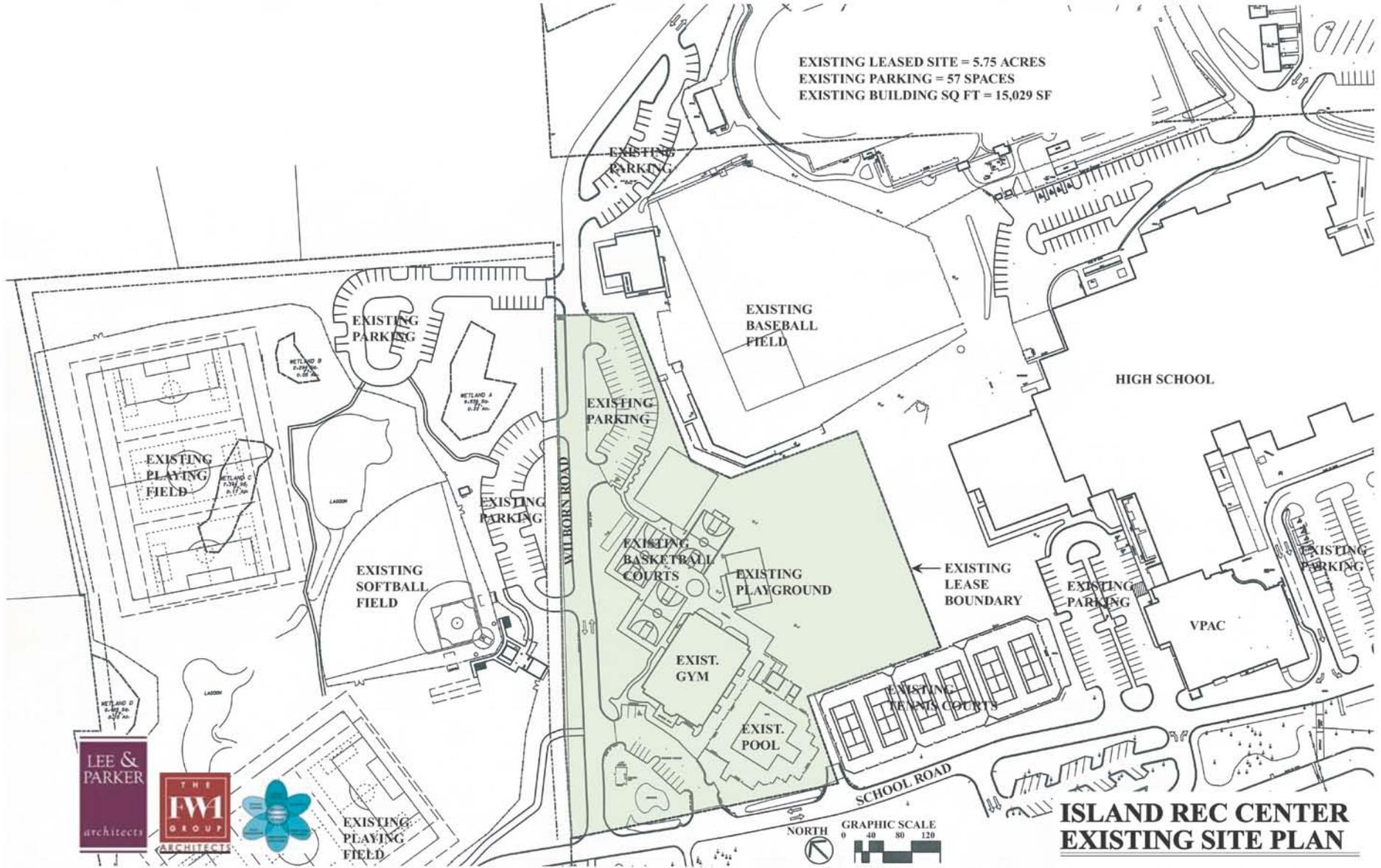


Island Recreation Center & Aquatic Facility

Enhancement / Expansion



EXISTING LEASED SITE = 5.75 ACRES
EXISTING PARKING = 57 SPACES
EXISTING BUILDING SQ FT = 15,029 SF



LEE & PARKER
architects

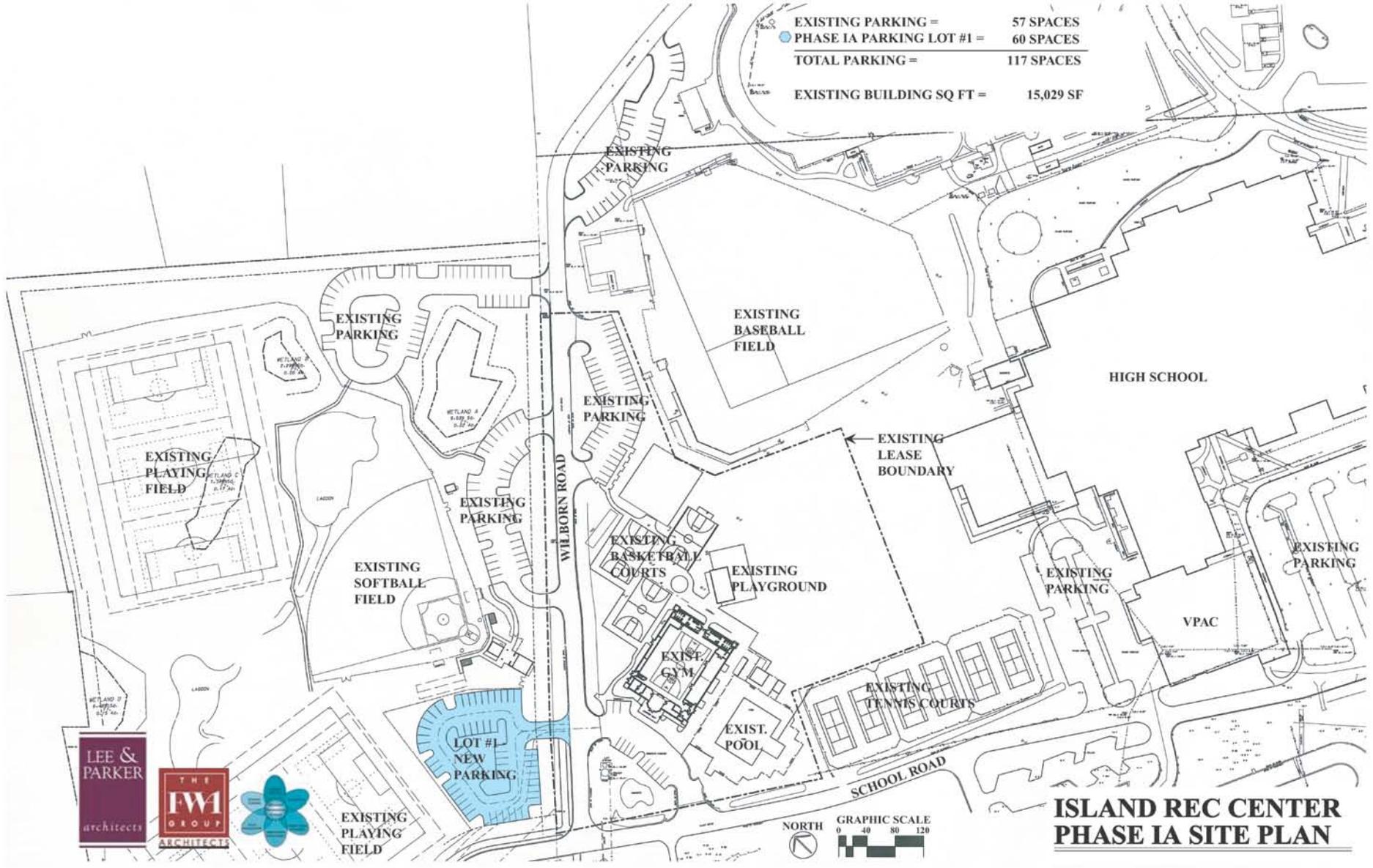
THE FWI GROUP
ARCHITECTS



EXISTING PLAYING FIELD

ISLAND REC CENTER EXISTING SITE PLAN

EXISTING PARKING =	57 SPACES
● PHASE IA PARKING LOT #1 =	60 SPACES
TOTAL PARKING =	117 SPACES
EXISTING BUILDING SQ FT =	15,029 SF



LEE & PARKER
architects

THE FWI GROUP
ARCHITECTS



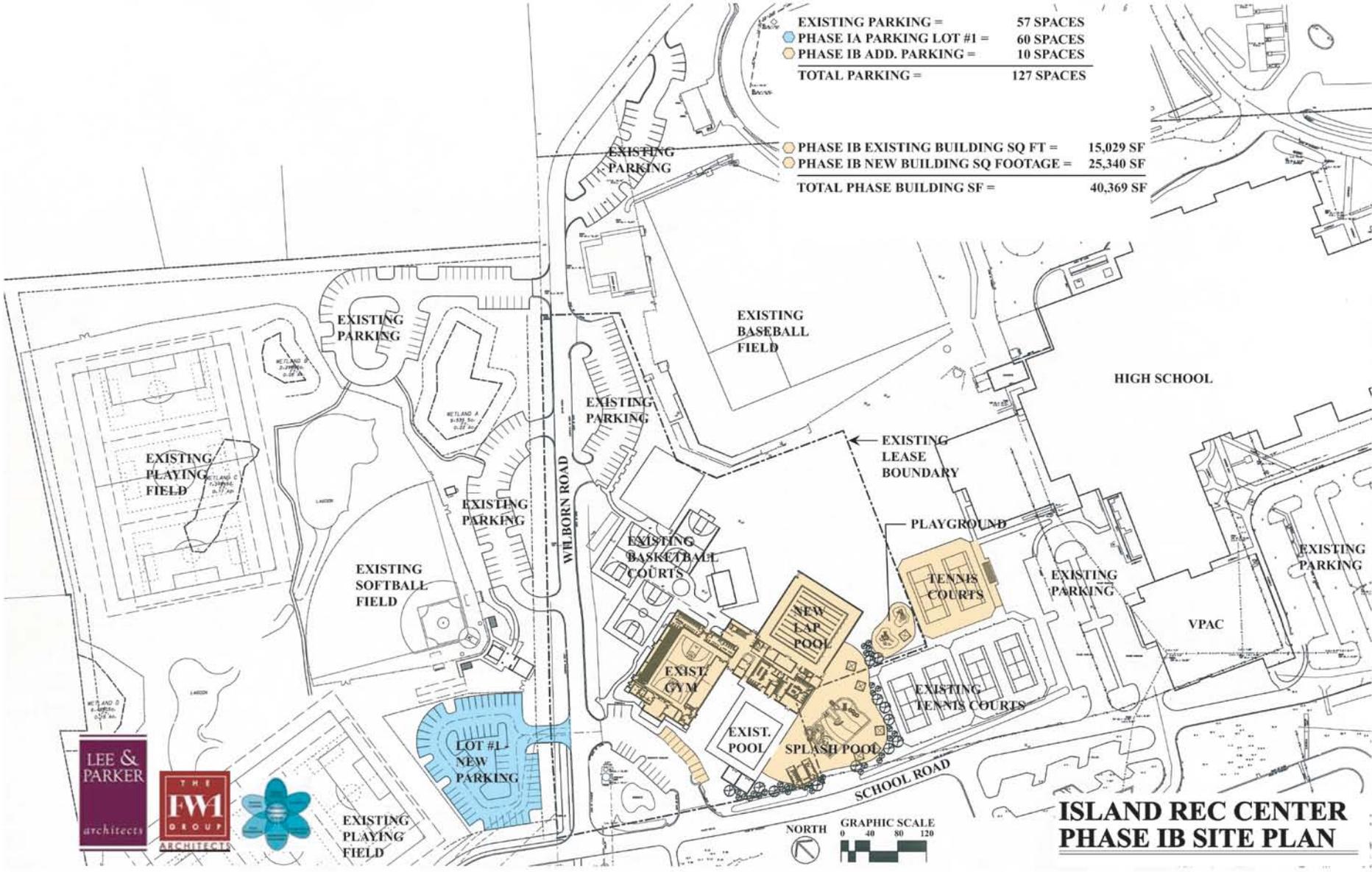
EXISTING PLAYING FIELD



**ISLAND REC CENTER
PHASE IA SITE PLAN**

EXISTING PARKING =	57 SPACES
● PHASE IA PARKING LOT #1 =	60 SPACES
● PHASE IB ADD. PARKING =	10 SPACES
TOTAL PARKING =	127 SPACES

● PHASE IB EXISTING BUILDING SQ FT =	15,029 SF
● PHASE IB NEW BUILDING SQ FOOTAGE =	25,340 SF
TOTAL PHASE BUILDING SF =	40,369 SF



LEE & PARKER
architects

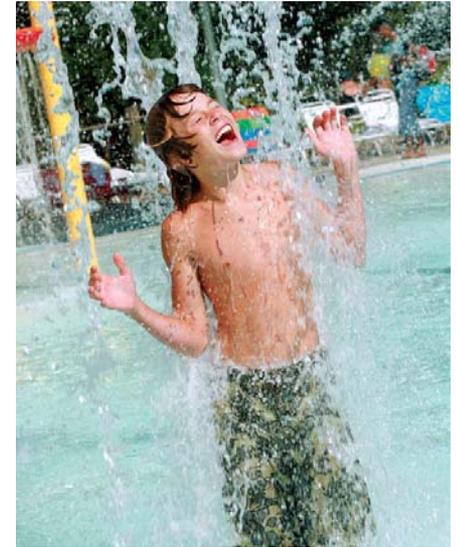
THE FWI GROUP
ARCHITECTS



EXISTING PLAYING FIELD

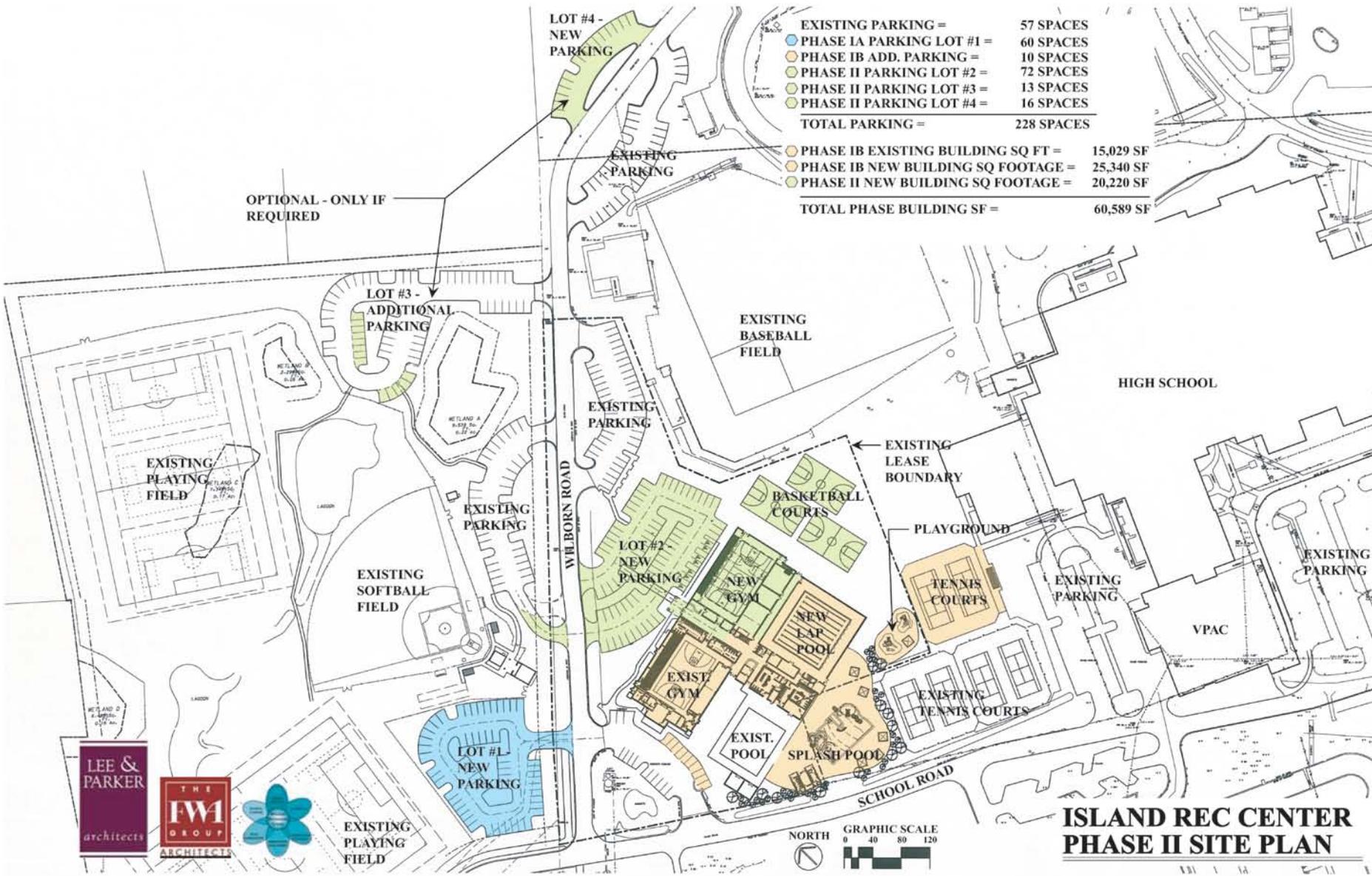


ISLAND REC CENTER PHASE IB SITE PLAN



Phase IB Site Plan – Splash Pool





EXISTING PARKING =	57 SPACES
● PHASE IA PARKING LOT #1 =	60 SPACES
● PHASE IB ADD. PARKING =	10 SPACES
● PHASE II PARKING LOT #2 =	72 SPACES
● PHASE II PARKING LOT #3 =	13 SPACES
● PHASE II PARKING LOT #4 =	16 SPACES
TOTAL PARKING =	228 SPACES
● PHASE IB EXISTING BUILDING SQ FT =	15,029 SF
● PHASE IB NEW BUILDING SQ FOOTAGE =	25,340 SF
● PHASE II NEW BUILDING SQ FOOTAGE =	20,220 SF
TOTAL PHASE BUILDING SF =	60,589 SF

OPTIONAL - ONLY IF REQUIRED

HIGH SCHOOL

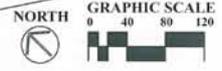
VPAC

LEE & PARKER
architects

THE FW GROUP
ARCHITECTS



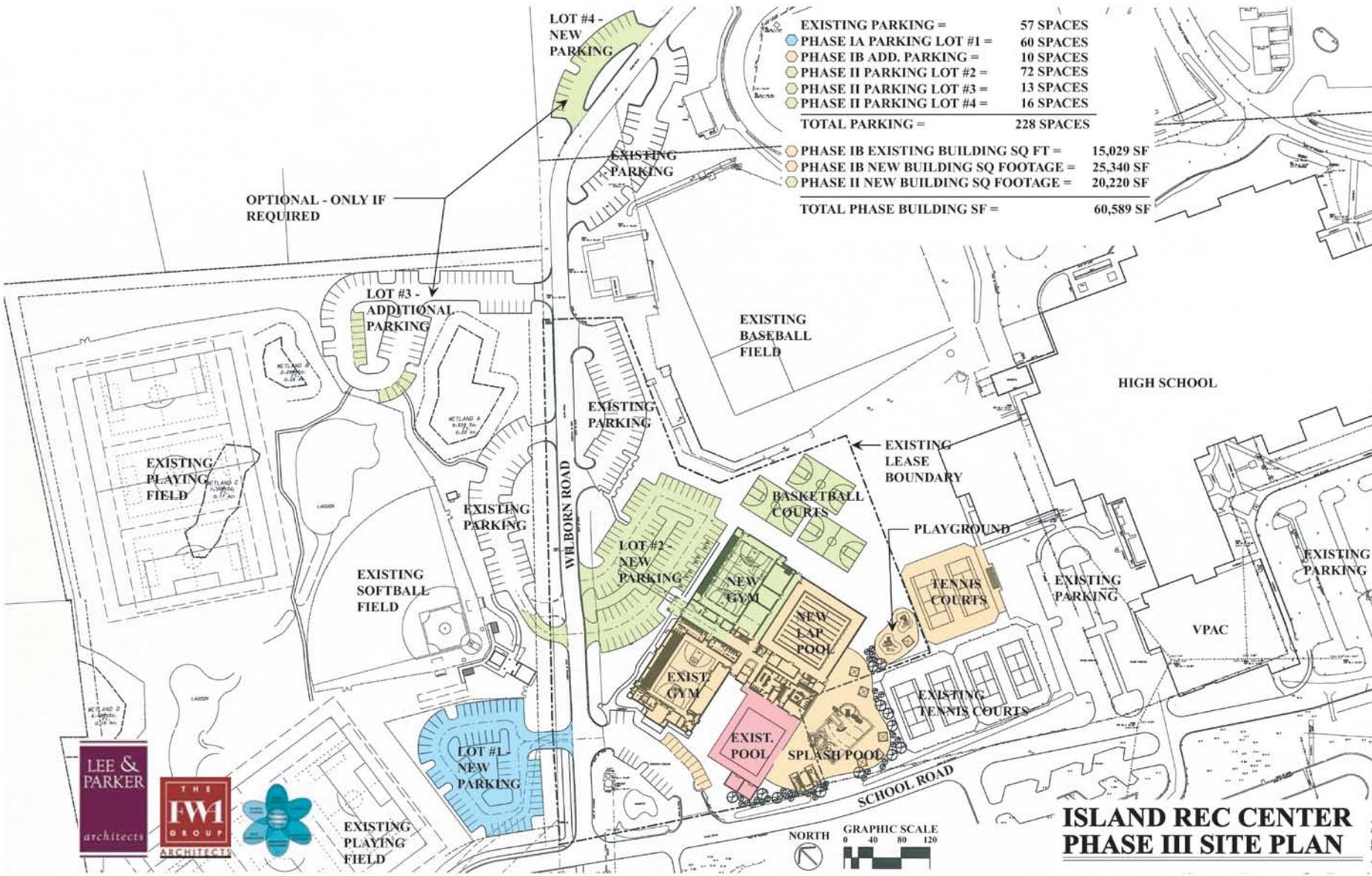
EXISTING PLAYING FIELD



**ISLAND REC CENTER
PHASE II SITE PLAN**



Phase II – Gymnasium Running Track



**ISLAND REC CENTER
 PHASE III SITE PLAN**

Island Recreation Center Expansion

Estimated Capital Requirements

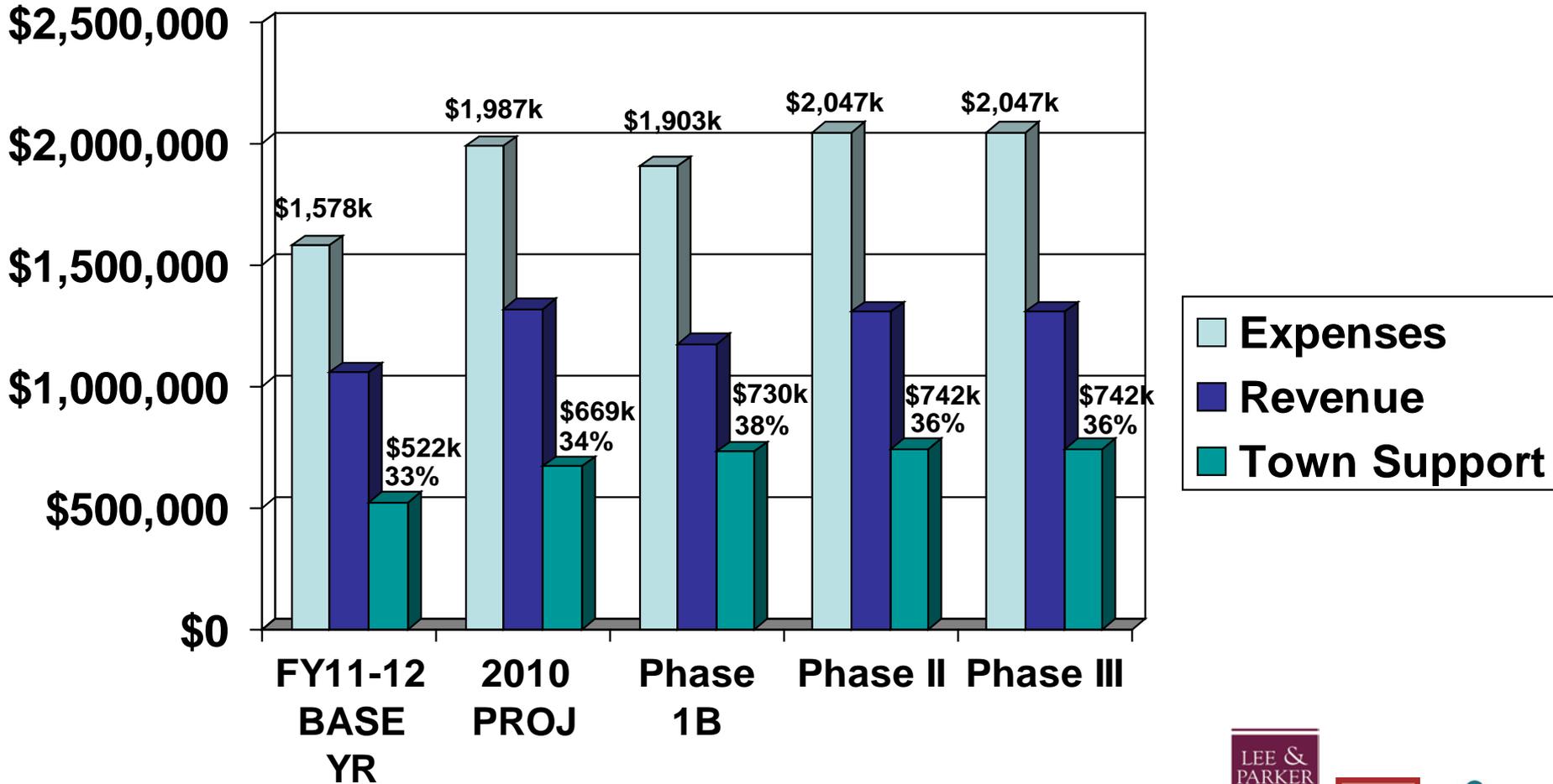
	Total Capital Needed	Alternate Sources (10%)	Financed (90%)	Annual P&I Payments	25 Yr P&I Payments
Phase IA	\$167,200	\$16,720	\$150,480	\$8,943	\$223,567
Phase IB	\$6,901,290	\$690,129	\$6,211,161	\$369,153	\$9,228,833
Phase II	\$4,784,428	\$478,442	\$4,305,985	\$254,844	\$6,371,100
Phase III	\$447,546	\$44,755	\$407,741	\$24,240	\$606,000
Total Rec Center	\$12,300,464	\$1,230,046	\$11,070,417	\$657,180	\$16,429,500

Assumptions

- 25 yr Gen Obligation bonds
- Interest at 3.4%



Recreation Center Operational P&L Projections*



*Does not include P&I

Recreation Center Success Factors

Utilization = Financial Success

- Facilities
- Programs
- Staff/Instructors
 - Pricing
- Initial Promotion Campaign



SHARE Center

Enhancement / Expansion



Move from mostly Social to a facility that will be Social & Active



PARKING



GENERIC SHARE SPACE PLAN



SPACE OUTLINE:

- * 6,000 Sq. Ft. of open space
- * Convenient location
- * Slab on grade for easy access
- * Convenient & ample parking
- * Good parking lighting
- * Should have outdoor covered area
- * Natural light from multiple sides
- * Central circulation/socializing space
- * Fitness for life active senior space

COST ESTIMATES

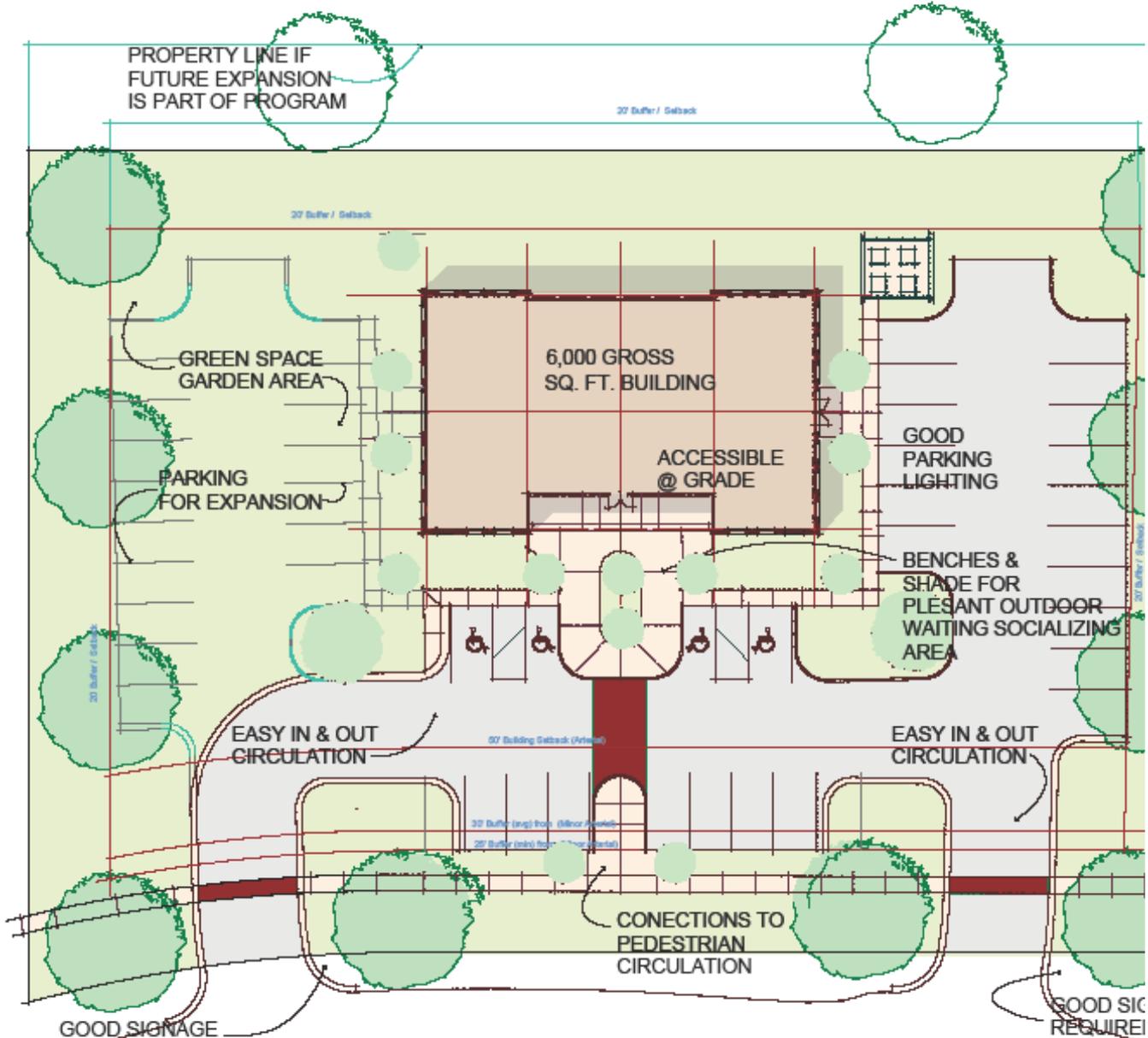
Assumptions: (6000 sq ft)

- Existing type 2 sprinkled one story on grade shell
- Minor demo w/ no re-usable interior
- New mechanical system
- Expanded + remodeled existing building
- New catering type kitchen, no cooling
- Typical commercial interior finishes: grid ceiling, 2x4 lighting, painted sheetrock, floor finishes are LVT everywhere except office and computer rooms to be carpet.
- No site work.
- Fixtures, Furniture, & Equipment list see costing model:

Costing model summary

- Upfit cost estimated @:
(See schedule of values for breakdown)
 - *Construction: \$ 412,144.00 = 68%
 - *F.F.E.+ fees + contingency = \$ 100,000
 - ** TOTAL PROJECT = 536,433.00
- Estimated lease @ \$16.00 NNN sq ft

**Generic lease space:
Assumptions & Pricing**



NEW SHARE FACILITY (no land cost)

Revised 08/11/2011



SPACE OUTLINE

- Min. land = 1.00-1.25 AC
If expandable = 1.55 + AC
- 6000` sq ft Gross Building
- 27 Spaces as per LMO
Required 1 Space per
225` Gross Building
Area
- 18 Additional Spaces
if required - 45 total

COST ESTIMATE

- Assume land is available
- 6000` sq ft heated
modest fit and finish
@ \$165.00 / sq. ft. = \$990,000
- Site work
estimated @ \$185,000
- Site Design+ Civil
Engineering @ \$35,000
- Architectural +
Engineering @ \$58,000
- FFE (furniture, fixtures, equipn)
estimated @ \$82,500
- Contingency \$40,000

- TOTAL \$1,390,500

*includes general conditions + contractors fee

New on existing land: Assumptions & Pricing



New SHARE Senior Center

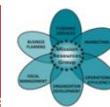
Estimated Capital Requirements

Option	Total Capital Needed	Alternate Sources (10%)	Financed (90%)	Annual Lease/P&I Payments	25 Yr Lease/P&I Payments
Lease & Renovate	\$536,433	\$53,643	\$482,790	\$142,692 <i>(Note 1)</i>	\$3,567,300 <i>(Note 1)</i>
Buy Land & Build-to-Suit	\$2,100,000	\$210,000	\$1,890,000	\$112,332	\$2,808,300
Buy Building & Renovate	\$1,900,000	\$190,000	\$1,710,000	\$101,628	\$2,540,700
Buy, Demolish & Build-to-Suit	\$2,340,500	\$234,050	\$2,106,450	\$125,172	\$3,129,300
Town Land Build-to-Suit	\$1,390,000	\$139,000	\$1,251,000	\$74,352	\$1,858,800

Assumptions

- 25 yr Gen Obligation bonds
- Interest at 3.4%

	<u>Note 1</u>	<u>Annual</u>	<u>25 Year</u>
Lease		\$114,000	\$2,850,000
P&I		\$ 28,692	717,300



SHARE Senior Center

Operational Expense Decision Matrix: Lease Option

	2011-12 Base Year	2010 Projection: Lease	2011 Projection: Lease/Renovate
Expenses	\$129,685	\$226,818	\$264,995
Rent	\$30,420	\$72,000	\$114,000
P&I*			\$28,692
TOTAL*	\$160,105	\$298,818	\$407,687
Revenues	\$70,515	\$170,214	\$192,450
Town Contribution*	\$89,590	\$128,604	\$215,237
% of TOTAL*	55.9%	43.0%	52.8%

Revenues projected for initial operational year @ 6% market share

*Does NOT match budget, because budget does NOT include P&I



SHARE Senior Center

Operational Expense Decision Matrix: All Options

	Lease & Renovate	Buy Land, Build to Suit	Buy Building & Renovate	Buy, Demolish & Build to Suit	Build on Town Land
Expenses	\$264,995	\$264,995	\$264,995	\$264,995	\$264,995
Rent	\$114,000				
P&I*	\$28,692	\$112,332	\$101,628	\$125,172	\$74,352
TOTAL*	\$407,687	\$367,327	\$366,623	\$390,167	\$339,347
Revenues Yr 1 (6%)	\$192,450	\$192,450	\$192,450	\$192,450	\$192,450
Town Contribution*	\$ 215,237	\$174,877	\$174,173	\$197,717	\$146,897
% of TOTAL*	52.8%	47.6%	47.5%	50.7%	43.3%

*Does NOT match budget, because budget does NOT include P&I

Town Savings: Build on Town Land vs. Lease
Annual: ~\$68,000 25 years: ~\$1,700,000



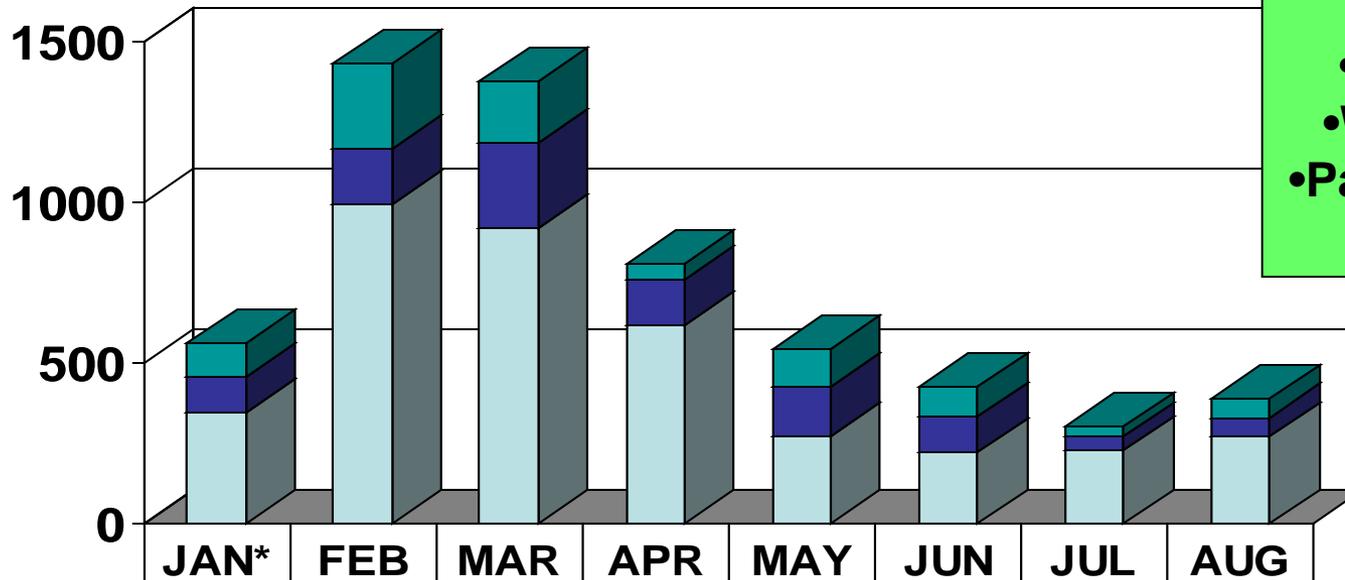
Town Should Own SHARE Center, Rather Than Lease

- Lease total cost higher than any ownership option
- Difficulty obtaining lease longer than 5 years
 - Exposure to increasing lease rates
 - Potentially have to move SHARE Center & re-renovate
- Lease probably limits expansion potential
- Lease probably inhibits capital grants
 - Community Foundation of the Lowcountry
 - PIP (\$100,000 instead of potential \$350,000)



SHARE Center

2011 *Visits* by Zip Code



USAGE PATTERNS

- 29928 vs. 29926
- Winter Residents
- Part Time Residents
- Bluffton

	JAN*	FEB	MAR	APR	MAY	JUN	JUL	AUG	
Other	105	266	193	51	122	92	29	58	16%
29926	107	174	265	138	153	110	43	61	18%
29928	347	993	919	620	270	224	228	269	66%

* 1/19-31



Why Low 29926 Usage?

- Location Convenience
 - Myrtle Beach informal study conclusions
 - 3-4 miles maximum if suitable substitute available nearby
 - Low traffic exposure matters
 - Anecdotal HHI findings
 - Supports Myrtle Beach conclusions
 - North-enders' desire to avoid 278, Sea Pines Circle & Pope Ave.
- Availability of North Island Facilities

Conclusions re location effect on SHARE Center utilization...

- ***Mid-Island on 278 probably ok***
- ***If North or South Island, better if close to Cross-Island Parkway***
- ***If South Island, likely better if west of Sea Pines Circle***



SHARE Center

Projected Membership

MEMBERSHIP

				<i>1st Year</i>		<i>Capacity</i>
	2009 Pop	% Pop >50	Pop >50	6% Share	9% Share	12% Share
Mount Pleasant	66,418	27%	18,176			2,250 (Actual)
HHI	34,249	51%	17,516	1,085*	1,628*	2,170*

* Projected



SHARE Center

Market Share & Financial Projections

Membership-Based Financial Model

Initial Year

Intermediate

Capacity

	FY 11-12	6%	9%	12%
Market Share				
Membership	BASE YR	1,085	1,628	2,170
Expenses* (Lease/P&I)	\$160,105	\$407,687	\$412,912	\$419,337
Revenue	\$70,515 44%	\$192,450 51%	\$247,225 64%	\$302,000 74%
Town Support	\$89,590 56%	\$215,237 53%	\$165,687 40%	\$117,337 28%

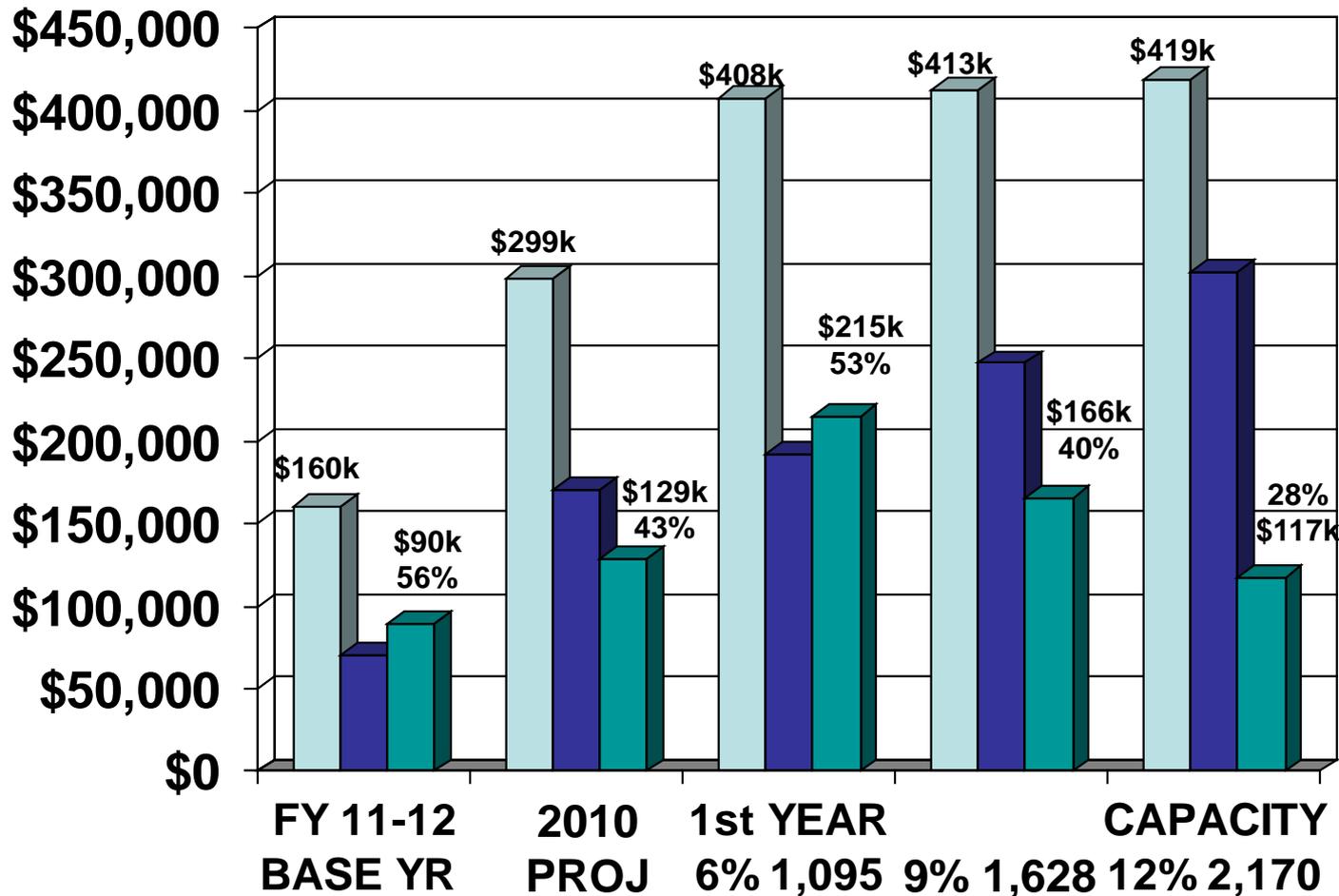
*Does NOT match budget, because budget does NOT include P&I

Expect repair & replacement expenses & CIP to increase as utilization increases



SHARE Center Operational P&L Potential

Membership-Based Revenue: Lease

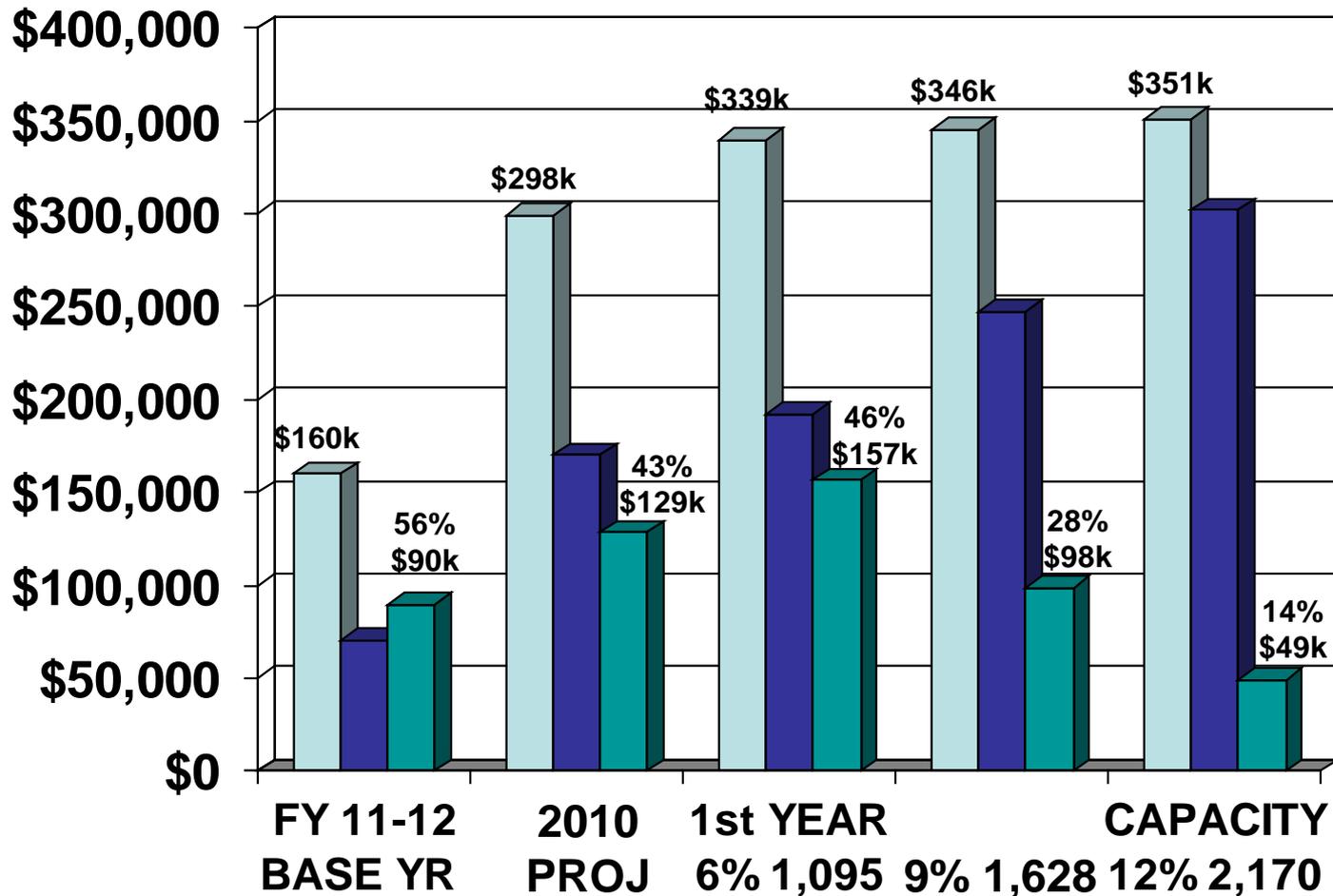


Mostly fixed costs yield excellent economies of scale



SHARE Center Operational P&L Potential

Membership-Based Revenue: Build on Town Land



Mostly fixed costs yield excellent economies of scale



Town Savings: Build on Town Land vs. Lease
Annual: ~\$68,000 25 years: ~\$1,700,000



SHARE Center Success Factors

Utilization = Membership = Financial Success

- Facilities
- Equipment
- Programs
- Staff/Instructors
 - Pricing
- Initial Marketing Campaign
- ***LOCATION, LOCATION, LOCATION***



Alternate Capital Sources

Potential Major Grants

- Community Foundation
 - Possible for SHARE Center & each Rec Center phase
 - Community Investment (capital) grants very competitive
 - Usually \$800,000-\$900,000 per year available for all requestors
 - Possibly \$60,000-\$75,000 per year, likely with 100% match
 - Must complete previous grants before new request
- Permanent Improvement Project (PIP)
 - Probably SHARE Center only
 - SC Lt. Governor's Office on Aging (LGOA)
 - Annual... Currently suspended, should restart 1/2012
 - \$100,000 (\$25,000 match) to \$350,000 (\$150,000 match)
- Finish Line Foundation Legacy Grant... \$10,000-\$70,000

Resolution by 1/31/2012

- 12/1/2011 CFL Grant
- 2/28/2012 PIP Grant

Grants ~5% of projected capital cost...
Need Capital Campaign to at least match grants



Alternate Capital Sources

Capital Campaign

- Multi-year sustained campaign
 - Public, private & corporate gifts & donations
 - Major local service organizations
- Campaign goal over 4+ years
 - Estimate \$265,000-\$450,000 to match grants
 - May want higher goal
- Plan and coordinate campaign
 - Project phase funding needs & timing
 - Grant timing & match requirements
 - Avoid disturbing other fund-raising efforts



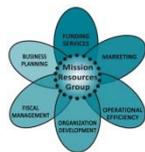
Island Recreation Center & SHARE Senior Center Summary



- Proposed Recreation Center enhancement / expansion can be achieved on the existing recreation center site with some alterations of the existing lease agreement (between the Town and Beaufort County School District).
- The enhancement / expansion can be done in phases to facilitate funding priorities.



- Town should own the SHARE Center facility rather than lease.



Lee & Parker Architects in association with
The FWA Group & Mission Resources Group



Island Recreation Center & SHARE Senior Center Enhancement/Expansion Planning Phase II

September 23, 2011

**Island Recreation Center & SHARE Senior Center
Enhancement/Expansion Phase II
Design and Financial Analysis**

OVERVIEW ON COMBINED BASIS

The Town and Recreation Association have traditionally managed the Recreation Center and the SHARE Center utilizing a budget that combines both of their facilities and programs. Based on direction from Town Staff, we have developed the analyses shown in this report treating the Recreation Center and the SHARE Center as distinct entities. For Town decision making purposes when comparing SHARE Center lease and property acquisition options, we have included Principal & Interest expense as an operational expense, even though P&I has never been included in the Recreation Center or SHARE Center operational budgets.

Because the Town traditionally has contributed approximately 35%-40% to the combined operational expense budget, we have prepared the following table to summarize the projected Town contribution as it has been traditionally shown, i.e. without including P&I. All other analyses include P&I.

This table depicts Recreation Center expenses at the completion of Phase 3 and the SHARE Center during the Initial year. The projected Town contribution remains well within the 35%-40% traditional range and is considerably lower than the maximum 50% guideline.

	2011/12 Base Yr	2010 Projection	2011 Projection
Recreation Center Expenses	\$ 1,578,254	\$ 1,987,407	\$ 2,047,011
SHARE Center Expenses (Lease)	\$ 154,890	\$ 298,818	\$ 378,995
TOTAL	\$ 1,733,144	\$ 2,286,225	\$ 2,426,000
Town Contribution	\$ 607,725	\$ 797,709	\$ 928,467
% of Total	35.1%	34.9%	38.3%

**Island Recreation Center & SHARE Senior Center
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SECTION 1: RECREATION CENTER ANALYSIS

1. Design and Phasing Considerations

In the development of the master plan for the enhancements to the existing Island Recreation Center, we focused first on determining the needs and then on how best to address those needs. As the needs were defined and the scope of the project began to present itself, the potential cost of delivering the project as a single effort became a concern. The idea of breaking the effort into smaller components (phases) was introduced during the 2010 project presentations.

This design breaks the total project into phases that will require approximately 5 years to completely accomplish. This phased approach will allow the Town to take on smaller and incremental construction efforts that address targeted needs identified in the master plan and to better allocate funds for the work now and in the future. It will also allow the Town to stop at the end of any phase to reassess the project scope or reallocate funds for other Town efforts, if circumstances or priorities change.

We designed and developed the phases based on the needs identified by the master planning effort from the most advantageous to the least, as follows:

PHASE I-A:

Parking improvements to include Parking Lot #1 and the area immediately adjacent to the Recreation Center. The work will include clearing and grubbing of wooded areas, tree removal and protection, removal of existing paving and concrete surfaces, silt fencing, sediment control, drainage and landscape improvements in preparation for new paved parking areas, concrete curbs, gutters and sidewalks.

PHASE I-B:

- Renovation of Existing Areas to include first floor offices, second floor classroom, female toilet/locker area, male toilet/locker area, a new entry area, new basketball goals, volleyball equipment and bleachers
- Competition Pool to include a new enclosed pool and pool deck, entry lobby area, reception area, office areas, male toilet/locker area, female toilet/locker area, pool equipment/storage and spectator seating area
- Outdoor Splash Pool with water play structures plus deck area, shade structures, toilets, concession and storage
- Civil/Site Improvements to include the removal, relocation and construction of two tennis courts, clearing and grubbing of existing developed and wooded areas
- Tree removal and protection, removal of existing paving and concrete surfaces, silt fencing, sediment control, drainage and landscape improvements, installation of new water, sewer

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service and site lighting improvements, some limited parking, paving, concrete curbs, gutters and sidewalk improvements

- Relocation & Refurbishing of existing playground equipment.

PHASE II:

- New Gymnasium to include two classrooms, exercise room, aerobic / dance area, a new central entry lobby area, reception area, office area, snack bar and storage as well as an elevated jogging track with 4 cardio station
- Civil/Site Improvements include clearing and grubbing of existing developed and wooded areas, tree removal and protection, removal of existing paving and concrete surfaces, silt fencing, sediment control, drainage and landscape improvements, installation of new water and sewer service improvements, new paved parking areas identified as Parking Lot #2, Parking Lot #3 and Parking Lot #4 with concrete curbs, gutters and sidewalks.
- Demolition, relocation and construction of the 3 existing basketball courts and court lighting

PHASE III:

- Existing Pool construction up-grades plus refurbishment of existing deck area/fencing, new pool equipment and storage area building
- Civil/Site Improvements include clearing and grubbing of existing developed and wooded areas, tree removal and protection, removal of existing paving and concrete surfaces, silt fencing, sediment control, drainage and landscape improvements

Optional Elements for Consideration

Part of the master planning effort also included a generic review for consideration by the Town of other potential recreation field specific improvements and the associated costs to extend playing field capacity of existing Town owned field space. The Optional Elements for Consideration include:

- Upgrade an existing natural grass field as a New Sports Turf Field
- Clear a limited area to construct a New Natural Field
- Add New Field Lighting to an existing field to extend the playing time beyond daylight hours.

2. Recreation Center Estimated Capital Requirements

The following table depicts the Recreation Center's financing cost by phase and in total. Based on the direction that at least 10% should be financed by alternative sources, we project that the town will borrow a total of \$ 11,070,417 for the entire project and make principal and interest (P&I)

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payments of \$657,180 per year. If the amount raised by alternative sources exceeds 10% then these costs will be reduced.

	Total Capital Needed	Alternate Sources (10%)	Financed (90%)	Annual P&I Payments	25 Yr P&I Payments
Rec Center Phase 1a & b	\$7,068,490	\$706,849	\$6,361,641	\$378,096	\$9,452,400
Rec Center Phase 2	\$4,784,428	\$478,442	\$4,305,985	\$254,844	\$6,371,100
Rec Center Phase 3	\$447,546	\$44,755	\$407,741	\$24,240	\$606,000
Total Rec Center	\$12,300,464	\$1,230,046	\$11,070,417	\$657,180	\$16,429,500

These projections assume that the Town will finance the capital requirements via 25 year General Obligation Bonds, with interest at 3.4%. For a discussion of the alternatives capital sources, see SECTION 3: POSSIBLE ALTERNATIVE CAPITAL SOURCES FOR FACILITY CONSTRUCTION.

3. Recreation Center Operational Financial Projections

	2011/12 Base Year	2010 Projection	2011 Projection	Difference 2010/2011
Revenue	\$ 1,056,119	\$ 1,318,302	\$ 1,305,089	(\$ 13,213)
Expense	\$ 1,578,254	\$ 1,987,407	\$ 2,047,011	\$ 59,604
Town contribution	\$ 522,135	\$ 669,105	\$ 741,922	\$ 72,817
Town % of Expense	33.1%	33.7%	36.2%	+2.5%

The rules used to determine the phased Revenue and Cost projections are outlined in the Assumption section "Recreation Center" #2. We worked with the Recreation Center to insure that no other changes crept into the phase projections. Our analysis focuses on the Phase III projections, i.e. at the completion of the entire expansion project, which are shown in this table as the "2011 Projection".

4. Economic effect of the proposed Recreation Center Expansion

The new facilities for the gym and pool will provide the Recreation Center with the ability to host regional swim meets (3 per year) and basketball tournaments (4 per year) that will bring out of town visitors to Hilton Head Island. Family members, coaches and chaperones will accompany the

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participants. All will require housing and food. The Recreation Center Director projects that visitors will comprise 80% (2,760) of the 3,450 people. If these visitors stay an average of 3 days, the new Recreation Center facilities may conservatively generate 8,280 visitor days per year. Based on input from the Hilton Head Island/Bluffton of Commerce, this number of days could generate \$400,000-\$800,000 per year, depending largely on the age of the visitors.

5. Possible pool operation economies

Additional economies in operational Recreation Center expenses may occur upon completion of the Phase 3 pool renovation project. Specifically, new filtering, chlorination and water heating equipment and systems may reduce the operational unit costs. More precise estimates cannot be made until the specific selected equipment and systems are known.

6. Town contribution changes between the 2010 and 2011 projections

The increase in the Town contribution of \$72,800 results from the following specific and general reasons:

- -\$24,000 Salaries and benefits

The 2010 projection assumed no change in salaries from the previous actual year. The 2011 projection includes the actual salary increases that have occurred. The 2011 project does not include any further increases in salaries per the "constant dollars" base year ground rule.

- -\$20,000 United Way support

Since the preparation of the 2010 projection, it has been decided not to participate in United Way.

- -\$28,000 Other

The balance of the increase in projected town contribution is attributable to many relatively small increases and decreases in both income and expense based on the Recreation Center's additional knowledge and understanding of the program. The net change amounts to 1.4% of the entire cost of the Phase 3 projection, well within an acceptable margin of error tolerance.

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SECTION 2: SHARE CENTER ANALYSIS

1. SHARE Center Facility Acquisition Options: Lease vs. Buy/Renovate vs. Buy/Demolish/Build vs. Build

In their 2010 review of the Phase I feasibility study, Town Council directed that the SHARE Center should relocate to and lease existing commercial space. While we understand and support Council's objectives, the Town should be aware that leasing will increase costs, preclude several long-term benefits and may cause issues with acquiring grant funding, as discussed and analyzed below. We recommend that the Town consider housing the SHARE Center in a Town-owned building via one of the following options.

1. Purchase and renovate an existing suitable commercial building. This approach will satisfy Council's objective of improving and reusing a current structure. It may also provide greater location flexibility.
2. Purchase and demolish an existing building, and construct a Senior Center on the land. This approach will provide greater location flexibility, reuse already developed land, replace a distressed commercial property and permit the Town to design and build an optimal Senior Center, similar to Mt. Pleasant.
3. Purchase vacant land and construct a Senior Center on the land. This approach will provide greater location flexibility and permit the Town to design and build an optimal Senior Center, similar to Mt. Pleasant.
4. Construct a Senior Center on land already owned by the Town. This approach provides the lowest initial and long-term costs, and could optimize both the Center location and design, while eliminating property acquisition costs, depending on the cost of developing the selected parcel.

Commercial Lease Issues

- Few commercial property owners will lease for more than 5 years. This relatively short period will cause the Town exposure to potentially increasing lease rates several times during the expected 20-30 year occupancy, as well as exposing the Town to the potential of again moving the Center.
- The Town will spend nearly \$500,000 to renovate and equip a property that it doesn't own or control long-term. If the Center must move, the Town will again absorb the cost of building or renovating the replacement space.
- A leased space option will likely not provide much, if any, opportunity for expansion to meet the potential long-term SHARE Center demand. Mt. Pleasant has already expanded the parking lot of its Senior Center and plans to double the size of facility to meet demand.
- Most grantors, including the Community Foundation of the Lowcountry and the State Department of Aging PIP program, prefer that grant requesters either own or permanently

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occupy the space that will be improved by the capital grant. They generally require a minimum 10 year lease for capital grants and often limit the amount granted to improve leased facilities. The amount granted by the PIP program might have a limit of \$100,000 for a leased facility compared to \$350,000 if the Town owns the facility.

2. SHARE Center Estimated Capital Requirements

The following table depicts the SHARE Center’s financing cost. The amount that the Town borrows will depend on the selected facility acquisition option. If the amount raised by alternative sources exceeds 10% then these costs will be reduced.

In determining the proper updated lease rate including CAM, we analyzed the current (summer 2011) commercial lease rates within the identified desirable areas and arrived at an average rate of \$16.00 triple net as a median number.

In generating pricing for existing developed property, we used the same location criteria with the additional requirements that the property have sufficient capacity to allow for expansion and the building either needed to be very distressed (to be demolished) or have sufficient “bones” to allow for renovation. This process gave the median pricing that we used to build our comparison models.

These projections assume that the Town will finance the capital requirements via 25 year General Obligation Bonds, with interest at 3.4%. For a discussion of the alternatives capital sources, refer to SECTION 3: POSSIBLE ALTERNATIVE CAPITAL SOURCES FOR FACILITY CONSTRUCTION.

**New SHARE Senior Center
Estimated Capital Requirements**

Option	Total Capital Needed	Alternate Sources (10%)	Financed (90%)	Annual Lease/P&I Payments	25 Yr Lease/P&I Payments
Lease & Renovate	\$536,433	\$53,643	\$482,790	\$142,692	\$3,567,300
Buy Land & Build-to-Suit	\$2,100,000	\$210,000	\$1,890,000	\$112,332	\$2,808,300
Buy Building & Renovate	\$1,900,000	\$190,000	\$1,710,000	\$101,628	\$2,540,700
Buy, Demolish & Build-to-Suit	\$2,340,500	\$234,050	\$2,106,450	\$125,172	\$3,129,300
Town Land Build-to-Suit	\$1,390,000	\$139,000	\$1,251,000	\$74,352	\$1,858,800

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3. SHARE Center Revenue Model and Pricing Strategy

The 2011 revenue projections shown below are based on a new revenue generation model developed by the Recreation Center Director. It includes heavy reliance on the sale of SHARE Center memberships as a principal revenue strategy, and assumes that many services and programs will be bundled into the membership at no extra cost or for a minimal fee to members. This represents a major change from the prior (2010) projection, where individual program revenues were charged to the members. We project that this new model and strategy will increase initial year revenue by \$9,270 over the 2010 projection.

4. SHARE Center Market Share, Revenue/Expense Projections, Town Contribution

We have presented below three separate sets of proforma projections for the SHARE Center, at 6% (THE INITIAL YEAR), 9% and 12% of market share. (Market share is the percentage of permanent HHI residents age 50 and up who purchase membership in the SHARE Center.)

The Recreation Center Director has chosen to estimate initial year operations conservatively at the 6% market share level. We concur with this decision. The essentially similar Mt. Pleasant Senior Center achieved approximately 9% market share by the end of their initial operational year and currently operates at 12% market share, the effective facility capacity. Due to the success of their center, Mt. Pleasant is expanding their parking capacity and plans a substantial of the facility itself.

We anticipate that the proposed SHARE Center will achieve at least 9% market share if it:

- Essentially duplicates the Mt. Pleasant facility in terms of facilities, equipment and programs
- Is located optimally
- Is effectively marketed.

Achievement of 12% market share is possible. At 12% market share, the currently proposed configuration will operate approximately at capacity, with no opportunity for expansion at the leased SHARE Center site.

The proposed SHARE Center financial model has excellent economies of scale. Because fixed expenses dominate the financial model, we expect that increases in revenue due to increasing membership will allow the operational financing gap made up by the Town contribution to decrease, assuming no reduction in membership, program and activity fees. As membership increases over time, the Town may have the option of decreasing its contribution to SHARE Center operations. The Town may wish to invest in marketing programs designed to increase membership.

As utilization approaches capacity, the Town should anticipate an increasing need for maintenance, repair, replacement and CIP funding for both the facility and equipment.

5. SHARE Center Operations Financial Projections (Assumes leased space & includes renovation P&I)

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The expense projections shown below assume the Leased Space & Renovate facility option, which has the highest total cost of all the options. The expense projections include the annual projected Principal and Interest (P&I) costs, assuming that the Town borrows 90% of the cost required to renovate and equip the leased space. We include the P&I costs so that the projections depict the total project costs, even though P&I costs do not appear in the Recreation Center or SHARE Center operational budgets. Because the SHARE Center budget does include rent, we believe that the projection must include P&I costs so that the Town can compare the several facility acquisition options on an equivalent total cost basis.

	2011/12 BASE YR	2010 PROJ	2011 PROJ 1,085 MBR (6% MKT SHARE)	DIFFERENCE 2010-2011 PROJECTION	INTERMEDIATE 1,628 MBR (9% MKT SHARE)	CAPACITY 2,170 MBR (12% MKT SHARE)
Revenues	\$ 70,515	\$ 170,214	\$ 192,450	\$ 22,236	\$247,225	\$302,000
Expenses (Includes rent & P&I)	\$160,105	\$ 298,818	\$ 407,687	\$ 108,869	\$412,912	\$419,337
Town Contribution	\$ 89,590	\$ 128,604	\$ 212,237	\$ 83,633	\$165,687	\$117,337
Town % of Expense	56%	43%	45%	53%	40%	28%

The implementation of the new SHARE Center with its proposed membership model contributing considerable revenue due to excellent economies of scale may allow the Town to significantly reduce the percentage of the Town's contribution as membership and revenues increase.

6. SHARE Center Location

We anticipate that market share and membership will depend significantly on the location of the proposed SHARE Center, based on data collected regarding current SHARE Center utilization and on data collected by the Myrtle Beach Recreation Center.

Actual 2011 data from the current SHARE Center located south and east of Sea Pines Circle indicates 66% average annualized utilization from zip code 29928 residents, but only 18% utilization from 29926 residents. (Part-time winter residents and local non-HHI residents comprise the other 16%.) The percentage comparisons are remarkably consistent month-to-month, even though the volume varies extremely widely by season, with peaks in the winter and lows in the summer.

Based on discussions with Myrtle Beach and anecdotal evidence, we believe that this disparity results from the relative inconvenience of the current Center location for many North Island (29926) residents. Looking forward, many 29926 residents have readily available access to facilities and activities similar to those proposed for the SHARE Center active rooms via plantation and commercial facilities.

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We expect that patron convenience, distance from home, traffic exposure and the availability of nearby suitable and affordable alternatives will impact SHARE Center membership revenues and utilization and, therefore, the amount of the annual Town contribution. The optimal location will minimize usage of US 278, especially during peak traffic hours, minimize Center patron exposure to business or visitor traffic during peak hours, and will avoid the need for Center patrons to utilize Sea Pines Circle or Pope Ave.

To maximize membership revenues and utilization, we recommend that the Town position the proposed SHARE Center either mid-Island or close to one of the ends of the Cross Island Parkway. The best South Island location will likely be west of Sea Pines Circle.

7. Differences between the 2010 and 2011 Town operational contribution projections

The following table lists the facility costs included in the 2010 and 2011 projections. It assumes a leased facility and does not include P&I expenses for the renovation costs.

SHARE Center	2010 PROJ	2011 PROJ	DIFFERENCE
LEASE	\$ 72,000	\$ 114,000	+ \$42,000
UTILITIES	(Note A)	\$ 18,500	+ \$18,500
JANATORIAL	\$ 15,000	\$ 20,000	+ \$5,000
TOTAL	\$ 87,000	\$ 152,500	+ \$65,500

Note A- The 2010 projection assumed that the utilities would be the expense of the landlord as they are in the current lease.

Facilities costs are the major contributor of the total \$96,950 increase in the Town's contribution between the 2010 and 2011 projections, not including P&I expenses for the renovation costs. Once the actual facility is chosen by the Town, the correct costs can be inserted.

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SECTION 3: POSSIBLE ALTERNATIVE CAPITAL SOURCES FOR FACILITY CONSTRUCTION

The Town Financial staff directed that the funding for the construction/renovation to support the expansion of the Recreation Center and the relocation of the SHARE Center include at least 10% from alternative capital sources, including grants and donations/gifts generated via capital campaigns. We believe that the Recreation Center will likely achieve, and may even exceed, this 10% objective via the effective execution of a carefully designed, coordinated and integrated funding plan.

If the Town desires to open a new SHARE Center during 2012 and to utilize grants to provide a significant portion of the funding, Town Council must take the appropriate commitment actions no later than January, 2012 to meet the submission deadlines for several of the major grants described below.

In addition to the alternative capital funding sources shown below, the Town may wish to explore Beaufort County funding sources, including utilization of the County Park Bond Fund.

Grants

The requesting entity must be a 501(c)(3) charitable organization, or equivalent, such as the Island Recreation Association. Grantors generally prefer that grantees successfully obtain grants from several sources rather than rely upon a single source. Several capital grants sources are potentially available.

1. The Community Foundation

Both the Recreation Center and SHARE Center projects should be eligible to compete for the limited number of Community Investment grants that the Community Foundation makes annually to support capital projects. The amount available for grant making varies depending on financial conditions and other worthy grant requests. In recent years, the Community Foundation has annually granted a total of \$800,000-\$900,000, spread across numerous grants.

The Recreation Association can realistically request Community Investment grants in the range of \$60,000-\$75,000. The Community Foundation Trustees evaluate each grant request individually, based upon its unique merits. The Trustees will likely require an equal match for each grant by an established deadline, often 6-12 months. The Trustees may (or may not) accept Town funds or funds derived from a PIP grant (see below) as matching funds.

Requestors may submit only one Community Investment grant application per year. The program allows multi-year grant requests, however approval of a multi-year grant request is rare given current economic conditions. Separate and independent requests may be made for multi-phase projects extending over several years if each phase is a stand-alone project. Thus, the Island Recreation Association could submit a request to help to fit-out and equip the SHARE Center one year, and submit a separate request for each Recreation Center phase in subsequent years. Grants applications are due April 1 for late July consideration, August 1 for late November consideration and December 1 for late March consideration.

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The Community Foundation strongly prefers to make grants to improve or equip owned property, though they will consider granting to improve or equip property leased for at least 10 years. This could present an issue for a 10 year SHARE Center lease.

Note that requesters may not commit to, contract for or perform work that the requested grant will fund until the requester receives official approval of the grant from the Community Foundation. Also, funds received prior to the official Community Foundation approval do not count toward the match requirement.

The Community Foundation also makes Organizational Development (OD) grants to pay for qualifying organizations to engage consultants to help the organization develop internal capacities, including learning how to develop funding and marketing plans and how to implement and conduct a capital campaign.

For further information, see <http://www.cf-lowcountry.org/receive/application-process>.

2. Permanent Improvement Project (PIP)

The SHARE Center project will likely qualify for a PIP grant. This annual program, administered by the Lieutenant Governor's Office on Aging (LGOA), is currently suspended but is scheduled to resume early in 2012, with information available in January and grant applications due by February 28.

The maximum amount available for a renovation project will vary from \$100,000 (\$25,000 match required) to \$350,000 (\$150,000 match required) depending on the nature of the components included in the request and, for leased properties, the length of the lease. There is a preference for 20 year leases. Funding from other grants (e.g. THE COMMUNITY FOUNDATION) can count toward satisfying the match requirement.

The grant application is submitted via the Lowcountry Council of Governments (LowCoG), the local Area Agency on Aging (AAA). The applicant must demonstrate strong community support via reference letters from local elected officials, must obtain a guarantee (in this case from the Town) of long-term financial support and must establish and fund an escrow account. Upon approval of the grant application, the applicant must complete a detailed and comprehensive project plan. When the plan is approved, LowCoG will administer the grant and disburse funds.

Gerry Dickinson (gdickinson@aging.sc.gov 803-734-9867) manages the PIP program.

3. Other Grant Sources

- The Town of Hilton Head Island is too large to qualify for USDA Rural Development program grants to small communities
- The Recreation Center Director has indicated that his staff will research additional potential grant opportunities, including the many local philanthropic organizations that make relatively small grants. Note that these grants will likely qualify toward matching the larger grants and will also help to demonstrate local support.

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Town staff has investigated several potential sources for major grant funding:

- **Finish Line Foundation.** Based on the online eligibility questionnaire, the Recreation Center may qualify for a Legacy Grant between \$10,000 and \$75,000, specifically for equipment or facilities that serve youth under 18. The Foundation accepts grant submissions quarterly and may require a match. See <http://www.finishline.com/store/youthfoundation/special-grants.jsp>.
- **Community Development Block Grants.** Block grants up to \$500,000 may be available via the SC Department of Commerce for publicly owned non-school facilities that offer extended educational opportunities for at risk low/middle income children or youth. However, it is unlikely that the Town would qualify for a CDBG grant for this project, in part because the Town generally has difficulty demonstrating sufficient low/middle income population and because Recreation Center youth program participation probably does not meet the 51% LMI threshold. The Town may wish to have staff further investigate a CDBG when the project plans near completion.

Capital Campaign

The Island Recreation Association will likely have to plan and execute a multi-year Capital Campaign to solicit sufficient private, public and corporate donations and gifts to at least satisfy the grant matching requirements. We estimate that the amount needed for grant matching will range from \$265,000 to \$450,000 over 4+ years. The Association may wish to set a higher campaign goal.

The Association should plan and execute the capital campaign in close coordination with the grant request processes and with the facility construction plans. It should take extreme care to organize and conduct the capital campaign to avoid negatively impacting other Association fund-raising activities, especially those used to support operations.

As a component of the capital campaign, the Association may wish to solicit local service organizations, such as the Rotary Clubs, who often support major capital projects of worthy non-profits. This will help to meet the grant matches and also provide excellent documentation of community support, enhancing the competitiveness of the grant requests.

SPACE OUTLINE:

- * 6,000 Sq. Ft. of open space
- * Convenient location
- * Slab on grade for easy access
- * Convenient & ample parking
- * Convenient & ample parking
- * Good parking lighting
- * Should have outdoor covered area
- * Natural light from multiple sides
- * Central circulation/socializing space
- * Fitness for life active senior space

COST ESTIMATES:

Assumptions: (6000 sq ft)

- Existing type 2 sprinkled one story slab on grade shell
- Minor demo w/ no re-usable interior finishes
- New mechanical system
- Expanded + remodeled existing bathrooms
- New catering type kitchen, no cooking
- Typical commercial interior finishes, 2x2 grid ceiling, 2x4 lighting, painted sheetrock, floor finishes are LVT everywhere except office and computer rooms to be carpet.
- No site work.
- Fixtures, Furniture, & Equipment line items see costing model:

Costing model summary

- Upfit cost estimated @:
(See schedule of values for breakdown)
*Construction: \$ 412,144.00 = 68.70/sq. ft.
*F.F.E. + contingency = \$ 97,500.00
- Estimated lease @ \$16.00 NNN sq ft



GENERIC SPACE PLAN



**Island Recreation Center & SHARE Senior Center
Enhancement/Expansion Phase II**

ASSUMPTIONS and GENERAL COMMENTS

1. FY 2011/12 is considered the base year.
2. Because we cannot predict when the construction for the Recreation Center will be funded by the Town, all costs for Phases 1/2/3 are in 2011/12 **constant dollars**. Therefore, no forecasts have been made as to salary increases, inflation factors, etc. If construction extends over a number of years, the forecasts shown should be adjusted to reflect the actual passing of time.
3. Because we assume that the Share Center fit-up will be done all at one time, no phasing has been included.
4. Per guidance from the project architects, we anticipate that the phased construction/renovation of the Recreation Center will require the following:
 - a. Phase I 1 year
 - b. Phase II 1 year
 - c. Phase III 6 months
5. There will be no loss of Recreation Center revenue during any of the construction phases.
6. Based on May 2011 input from the Town of Hilton Head Finance staff, we assume construction financing via 18 Year General Obligation bonds with a placement cost of \$13.20 per \$1,000 borrowed at an interest rate between 3.25 and 3.5 %. For the purposes of this study we used 3.4%.
7. We assumed that the Town of Hilton Head will fund the difference between projected Revenues and Expenses.
8. The Recreation Center Director furnished revenue and expense projections based on the FY 11-12 Recreation Center and SHARE Center budgets. We conducted several workshops with the Director to understand and refine the projections. We have a high degree of confidence that both the detailed program and aggregate totals depicted by the SHARE Center projections are reasonably accurate (e.g. +/- 5%).
9. While we question the accuracy of several of the detailed line items depicting the projected program revenues and expenses for the Recreation Center, we believe that the questionable items largely cancel out each other. We therefore conclude that the revenue and expense subtotals by program area (Aquatics, Athletic Programs and Youth/Teen Program) and the resulting revenue and expense totals are reasonably accurate within the customary +/- 5% margin for error.
10. For the purposes of these projections, we have treated the Recreation Center and the SHARE Center as separate entities, isolating revenues and expenses to each entity. In the previous (2010) study, we showed all fixed expenses as belonging to the Recreation Center. We feel that this separation is appropriate for analysis purposes. We recommend that since the two entities

**Island Recreation Center & SHARE Senior Center
Enhancement/Expansion Phase II**

are physically separate and largely managed separately, the Town/Board of the Recreation Center should account for the Recreation Center and SHARE Center as separate entities.

- 11.** We thank Frank Soule and his staff for their co-operation, advice and counsel in the compilation of these projections.

**Island Recreation Center & SHARE Senior Center
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RECREATION CENTER ASSUMPTIONS AND COMMENTS

1. PERSONNEL

- a. The recreation center will hire 2 new full time people: One for janitorial services and one as a pool supervisor. Added to the 13 full time currently employed, we project a total of 15 full time staff.
- b. All additional personnel required for classes will be filled with part-time hourly hires.

2. PHASE COSTS

Revenue/Expenses for each phase are projected to show only the effect of the creation or expansion of programs due to the completion of that phase's construction. Therefore, Phase I includes the full effect of the base year plus the new swim pool, the splash pool and the alterations to the old gymnasium for a 1 year period. Phase II includes the Phase I totals and the additional impacts of a new gymnasium. Phase III has the cumulative effect of Phases I and II and also includes the alterations to the old pool included in Phase III. All phase costs are for a 1 year period

SHARE CENTER ASSUMPTIONS AND COMMENTS

1. PERSONNEL

- a. Due to the increased activity, the Senior Center Administrator will become full time and 3 part time Program Supervisors will be added.
- b. All other staff increases will be part time instructors as needed for program increases.

2. As we have no firm location for the new SHARE Center, we cannot provide a firm projection regarding the cost of the lease. We assume that the building will include 6,000 sq. ft of interior space and lease at \$14.00 per sq ft, resulting in an \$84,000 annual lease expense. We estimate an annual utilities cost of \$18,500. All other expenses will accrue to the lessor. The following table shows the current and projected facility costs, which account for 53% of the increase in expenses over the current location:

	BASE YEAR	FUTURE	DIFFERENCE
RENTAL	\$ 30,420	\$ 84,000	\$ 53,580
UTILITIES	0	\$ 18,500	\$ 18,500
JANATORIAL	0	\$ 20,000	\$ 20,000
TOTAL	\$ 30,420	\$ 122,500	\$ 92,080

3. FIT UP COSTS in the construction portion of this report include the cost of fitness equipment for the SHARE facility, which were not included in the Phase I study.

Summary of Expanded Island Recreation Center Program Spaces

Revised July 22, 2011

Abbreviations used are represented as follows:

SF = Square Foot

EPC = Estimate of Probable Cost (based on historic data for the listed square footage)

Program Areas & Estimate of Probable Cost	SF	EPC
PHASE I-A		
Civil/Site Improvements for Parking Lot #1		\$152,000.00
* Amount shown includes clearing and grubbing of wooded area. Tree removal and protection, removal of existing paving and concrete surfaces. Silt fencing, sediment control, drainage and landscape improvements. New parking lot base course, paving, concrete curbs, gutters and sidewalks.		
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Sub-Total Phase I-A		\$ 152,000.00
* 10% Contingency		\$ 15,200.00
Total Phase I-A		\$ 167,200.00
PHASE I-B		
Renovation of Existing Areas	4,665 SF	\$463,900.00
* First Floor Offices - 1,820 SF (\$80/SF) * Second Floor Classroom - 1,325 SF (\$40/SF) * Female Toilet/Locker Area - 870 SF (\$115/SF) * Male Toilet/Locker Area - 670 SF (\$115/SF) * Entry Area- 220 SF (\$90/SF) * New basketball goals, volleyball equipment and bleachers (\$66,000.00).		
Competition Pool	25,340 SF	\$4,731,000.00
* Amount includes pool construction plus gross area building construction cost (\$842,000.00 + \$3,889,000.00). * Competition Pool and Pool Deck - 11,790 SF (\$100/SF) * Entry Lobby Area, Reception Area, Office Areas, Male Toilet/Locker Area, Female Toilet/Locker Area, Pool Equipment/Storage and Spectator Seating Area - 13,550 SF (\$200/SF)		
Outdoor Splash Pool	3,800 SF	\$805,000.00
* Amount includes splash pool construction and water play structures plus Deck Area, Shade Structures, Toilets, Concession and Storage (\$418,000.00 + \$392,000.00). * Deck Area, Shade Shelters, Landscaping and Security Fencing. • Deck Area - 8200 SF (\$9/SF) • Shade Shelters - \$6,000/Each • Landscaping Allowance - \$70,000 • Fencing Allowance - \$25,000 * Toilet Facilities and Concession Area - 920 SF (\$160/SF) * Storage Building - 400 SF (\$115/SF)		
Relocate & Refurbish Existing Playground Equipment	3,400 SF	\$40,000.00
Civil/Site Improvements for Phase I-B		\$234,000.00
* Amount shown includes clearing and grubbing of existing developed and wooded areas. Tree removal and protection, removal of existing paving and concrete surfaces. Silt fencing, sediment control, drainage and landscape improvements. Installation of new water, sewer service and site lighting improvements. Limited parking, paving, concrete curbs, gutters and sidewalks.		

Program Areas & Estimate of Probable Cost	SF	EPC
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Demolition and relocation of the 2 existing courts, new fencing, wind screens and bleachers.

Sub-Total Phase I-B		\$6,273,900.00
* 10% Contingency		\$ 627,390.00
Total Phase I-B*^A		\$6,901,290.00

PHASE II

New Gymnasium	20,220 SF	\$3,922,680.00
* Classroom #1 - 750 SF		
* Classroom #2 - 750 SF		
* Exercise Room - 750 SF		
* Aerobic / Dance Area - 1050 SF		
* Entry Lobby Area, Reception Area, Office Area, Snack Bar and Storage		
* Elevated Jogging Track with 4 Cardio Stations		

Civil/Site Improvements for Phase II		\$426,800.00
* Amount shown includes clearing and grubbing of existing developed and wooded areas. Tree removal and protection, removal of existing paving and concrete surfaces. Silt fencing, sediment control, drainage and landscape improvements. Installation of new water and sewer service improvements. New parking lot base course, paving, concrete curbs, gutters and sidewalks. Demolition and relocation of the 3 existing basketball courts and court lighting.		

Sub-Total Phase II		\$4,349,480.00
* 10% Contingency		\$ 434,948.00
Total Phase II*^A*^B		\$4,784,428.00

^{*A} **USGBC LEED Silver Certification - Additional Project Costs**
The U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system will be used as the basis to verify the Town's sustainable goals. This rating system has four levels (Certified, Silver, Gold, and Platinum) that can be achieved by earning a series of points from five categories: Sustainable Sites, Water Efficiency, Energy and Atmosphere, Materials and Resources, and Indoor Environmental Quality. Points can also be earned for Innovation and Design Process and Regional Credits.

While empirical and projected data vary, we believe that the goal of obtaining LEED Silver Certification will add an additional 1.4% to the project's construction costs for Phase I (excluding the renovation cost of the existing Recreation Center) and Phase II. Most of these costs are for "greening:" investments in alternative systems, practices, and materials that earn points under the LEED rating system and go beyond standard practices. The remaining costs fall outside of the range of construction costs; we consider these as "soft costs" and they include incremental costs for design, documenting compliance, and verifying compliance through the commissioning process which will add another 0.3%.

^{*B} **Disaster Recovery Facility – New Gymnasium**
The buildings will be designed to meet the applicable windload and seismic requirements as specified in the current International Building Code (IBC 2006 Edition). For the new gymnasium to serve as a facility to support any prescribed disaster recovery efforts the gymnasium should meet the maximum windload requirements for a Category 3 hurricane storm event. The existing site is in a "C Zone" per the current Flood Maps and per the storm surge projections the site would(in a Category 3 event) be under water with the finish floor elevation of the new facility to be approximately 19.0' MSL.

To serve in a disaster recovery capacity beyond the applicable code requirements the new gymnasium would need minor structural bracing upgrades, additional attention to the roofing membrane anchorage, impact protection panels for glazed openings, flood barriers to sill the lower portions of egress openings and a generator to power the facility. These upgrades would add approximately \$355,000.00 to the construction cost. The major component of that additional cost would be for a 100kW diesel generator to power the facility which would be about half of the cost.

Program Areas & Estimate of Probable Cost	SF	EPC
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PHASE III

Existing Pool	5,400 SF	\$371,660.00
* Amount shown includes existing pool construction up-grades plus refurbish the existing deck area/fencing and new pool equipment and storage area building (\$252,000.00 + \$119,660.00).		
* Refurbish Existing Deck Area - 4,380 SF (\$5/SF)		
* Refurbish Existing Fencing - 220 LF (\$8/LF)		
* Pool Equipment and Storage Building - 800 SF (\$120/SF)		

Civil/Site Improvements for Phase I		\$ 35,200.00
* Amount shown includes clearing and grubbing of existing developed and wooded areas. Tree removal and protection, removal of existing paving and concrete surfaces. Silt fencing, sediment control, drainage and landscape improvements.		

Sub-Total Phase III		\$ 406,860.00
* 10% Contingency		\$ 40,686.00
Total Phase III		\$ 447,546.00

Program Area - Optional Elements for Consideration	SF	EPC
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(Replace the existing play field lost by new building elements behind the Island Recreation Center.)

New Sports Turf Field	82,800 SF	\$528,360.00
New Natural Field	82,800 SF	\$410,000.00
New Field Lighting	0 SF	\$152,000.00

Lee & Parker Architects
PO Box 5010 Hilton Head Island, SC

Project: Expanded Share Center Program Cost Analysis
Assumed Generic Existing Strip Retail Shell Only
Minor Demolition Only Required

Square Footage Assumed For This Analysis **6,000**

Date: July 7, 2011

Item #	Description	Assumed Sq. Footage	Unit Price	Total Item Cost	Comments
1	General Conditions	Four Months		\$14,000.00	
2	Building Permits	Estimated		\$3,500.00	
3	Demo Existing Conditions	Fixed		\$4,000.00	
4	Framing	6,000	\$3.25	\$19,500.00	
5	Drywall / Insulation / & Accoustical Ceilings	6,000	\$5.45	\$32,700.00	
6	Interior Trim	6,000	\$5.50	\$33,000.00	
7	Hardware / Bath Partitions / Mirrors	By Allowance		\$7,500.00	
8	Floor Coverings				
	LVT Per Sq Foot	250	\$6.50	\$1,625.00	
	Carpet Per Sq Yard	600	\$25.00	\$15,000.00	
	Restrooms Ceramic Floors Per Sq Foot	250	\$8.00	\$2,000.00	
9	Cabinetry Allowance	By Allowance		\$18,000.00	
10	Portable Walls	By Allowance		\$20,000.00	
11	Painting	6,000	\$5.75	\$34,500.00	
12	Plumbing	Fixed		\$19,250.00	

Item #	Description	Assumed Sq. Footage	Unit Price	Total Item Cost	Comments
13	HVAC	6,000	\$7.00	\$42,000.00	
14	Electrical	6,000	\$8.50	\$51,000.00	
15	Rework Existing Sprinkler Head Layout	6,000	\$3.45	\$20,700.00	
16	Data / Cabling / Security	By Allowance		\$6,500.00	
17	Construction and Final Clean	6,000	\$0.75	\$4,500.00	
18	Sub Total Construction Costs			\$349,275.00	
19	Builder Profit & Overhead @ 18%			\$62,869.50	
20	Total Construction Costs			\$412,144.50	
21	Other				
	Life Fitness Equipment	Fixed		\$60,000.00	
	Chairs / Tables	Fixed		\$15,000.00	
	Kitchen Equipment	Fixed		\$4,000.00	
	Office Equipment	Fixed		\$3,500.00	
	Architectural & Engineering Fees	6.0 % of Item #20		\$26,789.39	
22	Contingency			\$15,000.00	
23	Total Project Costs			\$536,433.89	

Historical data would indicate that a LEED silver rating including the commissioning typically adds 12-15% to the upfit cost.

Lee & Parker Architects
PO Box 5010 Hilton Head Island, SC

Project: Expanded SHARE Center Program Space Allocation

Location: Hilton Head Island, SC

Date: June 01, 2011

No.	Description	Room Size			A/C Area	Uncond. Area	Gross Area	General Comments
Entry Lobby Area								
1	Lobby/ Waiting Area	12	x	12	144		144	Separated from other spaces for acoustical privacy
2	Receptionist	4	x	8	32		32	Open to lobby area
3	Office	12	x	14	168		168	Glass wall to provide visual connection
Meeting Rooms								
1	Breakout #1	15	x	20	300		300	1 & 2 w/ folding wall
2	Breakout #2	15	x	20	300		300	av equipment built in
3	Breakout #3	0	x	0	0		0	Will be broken out of multi-purpose
4	Breakout #4	0	x	0	0		0	Will be broken out of multi-purpose
5	Muti-purpose	30	x	40	1,200		1,200	Will be dividable into break out #3 & #4
6	Physical activity space	30	x	40	1,200		1,200	
7	lending library	0		0	0		0	part of circulation social interaction space
General Storage		9	x	8	72		72	tables chairs
Warming Kitchen								
1	Kitchen	8	x	12	96		96	
2	Storage	2	x	4	8		8	
3	internet café	12	x	15	180		180	
Computer Club								
1	Resource Center	23	x	45	1,035		1,035	
2	Storage	6	x	3	18		48	
3	Server Closet	2	x	5	10		12	possible future need
						Page 1		

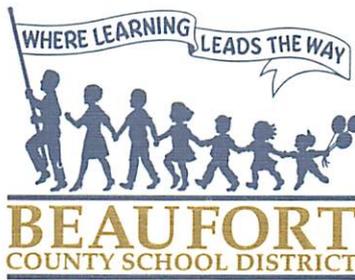
Lee & Parker Achitects
PO Box 5010 Hilton Head Island, SC

Project: Expanded SHARE Center Program Space Allocation

Location: Hilton Head Island, SC

Date: June 01, 2011

	Mechanical @ 1st Floor						
1	Electrical Room	3	x	4	12		12
2	Janitor	3	x	4	12		12
	Men's Restroom						
1	Toilet-HC	5	x	5	25		25
2	Urinals-2 each	6	x	3	18		18
3	Lavatories-2 each	6	x	7	42		42
	Women's Restroom						
1	Toilets-2	3	x	5	15		30
2	Toilet-HC	5	x	5	25		25
3	Lavatories-2	6	x	8	48		48
	Floor Sub-Total				4,960	0	5,007
	Circulation, Walls & Structure @	20.0%			992		992
	Floor Total				5,952	0	5,999



September 19, 2011

Ms. Nicole Dickson
Senior Planner
Town of Hilton Head Island
One Town Center Court
Hilton Head Island, SC 29928

Re: Recreation Department Expansion Plans

Dear Ms. Dixon:

Chris Poe, our Facilities Planning and Construction Officer recently met with Barry Taylor of The FWA Group to discuss the most recent plans for the Island Recreation Center expansion. Barry explained to Chris the revised proposed project phasing plan as follows:

Phase IA: New parking lot #1 across Wilborn Road

Phase IB: New lap pool, new splash pool, tennis court relocation, new playground, additional parking at current entrance

Phase II: Additional parking in lots #2, #3, and #4, new gym, new basketball courts

As Chris discussed with Barry, the lease agreement between the school district and the Town will require modification prior to any work taking place since Phase I of the project encroaches on the existing lease boundary.

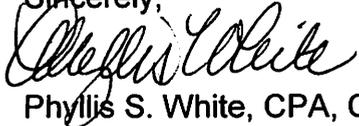
It is our understanding that this project will be presented to the Town's Public Facilities Committee and Parks & Recreation Commission on October 4th and 13th respectively followed by presentation to the full Town Council in October and November. We will plan to have representation at those meetings.

Please accept this letter as the District's willingness to work with the Town in an effort to make this a successful project for all parties. This is not an approval of any lease modifications or official endorsement of the current plans as those details will have to be negotiated and approved on by the school district's entire Board once plans are finalized.

Ms. Nicole Dickson
September 19, 2011
Page 2

Thank you for your efforts to keep the District informed of this project as plans progress. Please keep us informed as schedules or plans change. If you have questions in the meantime, please contact me or Chris Poe.

Sincerely,

A handwritten signature in black ink, appearing to read "Phyllis White". The signature is written in a cursive style with a large initial "P".

Phyllis S. White, CPA, CGFO
Chief Operational Services Officer

cc: Chris Poe, BCSD Facilities Planning and Construction Officer