



# The Town of Hilton Head Island Regular Town Council Meeting

**WEDNESDAY**, November 7, 2012

**4:00 P.M.**

## **“REVISED” AGENDA**

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As a Courtesy to Others Please Turn Off All Mobile Devices During  
the Town Council Meeting

- 1) **Call to Order**
- 2) **Pledge to the Flag**
- 3) **Invocation**
- 4) **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.
- 5) **Proclamations and Commendations**
  - a. **Hilton Head Island High School “Lady Seahawks” Swimming Team**
  - b. **Pancreatic Cancer Awareness Month**
- 6) **Approval of Minutes**
  - a. Town Council Meeting – October 16, 2012
- 7) **Report of the Town Manager**
  - a. Town Managers Items of Interest
  - b. October, 2012 Quarterly Report
  - c. Economic Development Advisory Committee – Report to Town Council, Jim Gant, Chairman
- 8) **Reports from Members of Council**
  - a. General Reports from Council
  - b. Report of the Intergovernmental Relations Committee – George Williams, Chairman
  - c. Report of the Personnel Committee – Lee Edwards, Chairman
  - d. Report of the Planning & Development Standards Committee – Bill Ferguson, Chairman
  - e. Report of the Public Facilities Committee – Kim Likins, Chairman
  - f. Report of the Public Safety Committee – Bill Harkins, Chairman
  - g. Report of the LMO Rewrite Committee – Kim Likins, Ex-Officio Member
  - h. Report of the Economic Development Committee – Bill Harkins, Town Council Liaison
- 9) **Appearance by Citizens**

**10) Unfinished Business**

None.

**11) New Business**

**a. Consideration of a Recommendation – Alternative Analysis of a Standalone Aquatics Facility**

Consideration of a Recommendation that the Town Council of the Town of Hilton Head Island review the findings and recommendations provided in the Alternative Analysis prepared by Lee & Parker Architects and The FWA Group, regarding the location of the proposed standalone Aquatics Facility, and use the recommendations when discussing the project for potential inclusion in the Capital Improvements Program budget.

**b. First Reading of Proposed Ordinance 2012-37**

First Reading of Proposed Ordinance 2012-37 to amend Chapter 1 (Business and Professional Licensing) of Title 10 (Business and Professional Licensing; Franchising and Regulations) of the Municipal Code of the Town of Hilton Head Island, South Carolina by amending Section 10-1-190 Classification Rates, Schedules; and provide for severability and an effective date.

**c. Consideration of a Recommendation of early release of 2013 ATAX grant for the Arts Center of Coastal Carolina**

Consideration of a Recommendation that Town Council authorize the immediate release of the ATAX funds in the amount \$346,678 previously awarded to the Arts Center of Coastal Carolina for their use in calendar year 2013; and simultaneously direct the Town Manager to develop an RFP for a review of the performing arts on the Island, and to work with the Arts Center Staff and Board to identify additional budgetary savings in the current fiscal year and beyond.

**12) Executive Session**

**a. Land Acquisition**

**b. Contractual Matters**

1) Legal matters related to Republic Franchise Agreement

**c. Boards and Commissions**

1) Parks and Recreation Commission Appointment

2) Board Member Recommendation to the Beaufort-Jasper Water & Sewer Authority

**13) Adjournment**

# Commendation

## *A Commendation of the Town of Hilton Head Island Congratulating*

### **All Members of the Hilton Head Island High School “Lady Seahawks” Swimming Team on Capturing the Class 3-A State Championship**

*WHEREAS, Hilton Head Island High School “Lady Seahawks” Swimming Team finished the regular season with a 9-0 record, were the Region 8 Champions, and won their third consecutive Class 3-A State Championship on October 6, 2012; and*

*WHEREAS, the “Lady Seahawks” blew away the rest of the field of teams in the Class 3-A State Championship by finishing almost 200 points ahead of second-place Greenville to capture a thrilling victory; and*

*WHEREAS, Head Coach Mike Lane has continued the tradition of excellent coaching that is the hallmark of the Hilton Head Island High School swimming program; and*

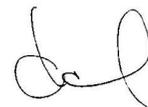
*WHEREAS, the countless hours of practice, hard work, and sacrifice reflect the team’s determination to be the best they could be; and*

*WHEREAS, the Hilton Head Island Town Council recognizes and congratulates each team member: Mary Bolgan, Isabelle Brockman, Camille Felix, Lilla Felix, Madison Field, Victoria Gill, Lily Kerr, Karah Kurtz, Cassandra (Cassie) Ley, Rachel Magnin, Sarah Reamy, Makenna Reader, Amelia Rzeczycki, Shannon Short, Alison Snell, Ellen Vanagel, Caroline Vaniska, Brittany Vanderpool, Kirsten Wartko, Mia Wilson, Emily Williams, and Lauren White for the conclusion of a truly memorable season; and*

*WHEREAS, the “Lady Seahawks” have made themselves, their school, their families, and the Hilton Head Island community proud.*

*NOW, THEREFORE, I, Drew A. Laughlin, Mayor, of the Town of Hilton Head Island, South Carolina, on behalf of the Town Council, do hereby commend and congratulate Hilton Head Island High School “Lady Seahawks” Swim Team and Head Coach, Mike Lane on capturing their third consecutive Class 3-A State Championship.*

*IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed **this Seventh day of November** in the year of our Lord, two thousand and twelve.*



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Drew A. Laughlin, Mayor

# Proclamation

BY  
THE TOWN OF HILTON HEAD ISLAND

*WHEREAS, in 2012, an estimated 43,920 people will be diagnosed with pancreatic cancer in the United States and 37,390 will die from the disease, which is the fourth leading cause of cancer death in the United States; and*

*WHEREAS, when symptoms of pancreatic cancer present themselves, it is usually too late for an optimistic prognosis, and 74 percent of pancreatic cancer patients die within the first year of their diagnosis while 94 percent of pancreatic cancer patients die within the first five years; and*

*WHEREAS, approximately 570 deaths will occur in South Carolina in 2012, and there is no cure for pancreatic cancer and there have been no significant improvements in survival rates in the last 40 years; and*

*WHEREAS, of all the racial/ethnic groups in the United States, African Americans have the highest incidence rate of pancreatic cancer, between 34% and 70% higher than the other groups; and*

*WHEREAS, the Federal Government invests significantly less money in pancreatic cancer research than it does in any of the other leading cancer killers; and*

*WHEREAS, The Pancreatic Cancer Action Network is the first and only national patient advocacy organization that serves the pancreatic community in Hilton Head Island and nationwide by focusing its efforts on public policy, research funding, patient services, and public awareness and education related to developing effective treatments and a cure for pancreatic cancer; and*

*WHEREAS, the good health and well-being of the residents of Hilton Head Island are enhanced as a direct result of increased awareness about pancreatic cancer and research into early detection, causes, and effective treatments.*

*NOW, THEREFORE, I, Drew A. Laughlin, Mayor, of the Town of Hilton Head Island, South Carolina do hereby proclaim the month of November, 2012 as:*

## **PANCREATIC CANCER AWARENESS MONTH**

*in the Town of Hilton Head Island, South Carolina and encourage all citizens to recognize the benefits of early identification, causes, and effective treatments.*

*IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed this Seventh day of November, in the Year of our Lord, Two Thousand and Twelve.*

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Drew A. Laughlin, Mayor

Attest:

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Victoria L. Pfannenschmidt, Acting Town Clerk

**THE TOWN OF HILTON HEAD ISLAND**

**REGULAR TOWN COUNCIL MEETING**

**Date:** Tuesday, October 16, 2012

**Time:** 4:00 P.M.

**Present from Town Council:** Drew A. Laughlin, *Mayor*; Ken Heitzke, *Mayor Pro Tem*; George Williams, Bill Ferguson, Lee Edwards, Bill Harkins, Kim Likins, *Council Members*.

**Present from Town Staff:** Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Lavarn Lucas, *Fire Chief*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects and Facilities/Chief Engineer*; Susan Simmons, *Director of Finance*; Nancy Gasen, *Director of Human Resources*; Brian Hulbert, *Staff Attorney*; Jill Foster, *Deputy Director of Community Development*; Shawn Colin, *Comprehensive Planning Manager*; Heather Colin, *Development Review Administrator*; Marcy Benson, *Senior Grants Administrator*; Jeff Buckalew, *Town Engineer*; Vicki Pfannenschmidt, *Executive Assistant*

**Present from Media:** Tom Barton

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**1) CALL TO ORDER**

Mayor Laughlin called the meeting to order at 4:00 p.m.

**2) PLEDGE TO THE FLAG**

**3) INVOCATION**

**4) 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.

**5) Proclamations and Commendations**

None

Mayor Laughlin noted that all of the Unfinished Business was concerning the Mall at Shelter Cove and suggested the items be addressed after the completion of the Public Hearing. Mr. Heitzke moved to take up Unfinished Business items after the 5:00 p.m. Public Hearing. Mr. Ferguson seconded. The motion was approved by a vote of 7-0.

**As a result of the vote above Agenda Items 11.a. through 11.e. will be documented in the minutes after Appearance by Citizens and Items 10.a. through 10.f. will be documented in the minutes after the 5:00 p.m. Public Hearing.**

**6) Approval of Minutes**

**a.** Town Council Meeting – October 2, 2012

Mr. Williams moved to approve. Mr. Harkins seconded. The minutes of the October 2, 2012 Town Council meeting were approved by a vote of 6-0-1. Mr. Heitzke abstained because he was not present at the meeting.

**b.** Town Council Special Meeting – October 4, 2012

Mr. Williams moved to approve. Mrs. Likins seconded. The minutes of the October 4, 2012 Town Council Special meeting were approved by a vote of 5-0-2. Mr. Heitzke and Mr. Ferguson abstained because they were not present at the meeting.

**7) Report of the Town Manager**

**a. Town Managers Items of Interest**

Mr. Riley reported on some items of interest.

**8) Reports from Members of Council**

**a. General Reports from Council**

**b. Report of the Intergovernmental Relations Committee – George Williams, Chairman**  
No report.

**c. Report of the Personnel Committee – Lee Edwards, Chairman**

Mr. Edwards said the Committee met earlier in the day and will continue to interview for positions.

**d. Report of the Planning & Development Standards Committee –Bill Ferguson, Chairman**

No report.

**e. Report of the Public Facilities Committee – Kim Likins, Chairman**

Mrs. Likins said the Committee met earlier in the day and received a presentation from the South Island Dredging Association resulting in the Committee voting to bring forward a recommendation in favor of the resolution which is an item on the Town Council agenda today.

**f. Report of the Public Safety Committee – Bill Harkins, Chairman**

No report.

**g. Report of the LMO Rewrite Committee – Kim Likins, Ex-Officio Member**

Mrs. Likins announced the Committee would be holding a Public Input Session on Thursday, October 18, 2012 at Town Hall in the Benjamin M. Racusin Council Chambers. She encouraged all to attend.

**h. Report of the Economic Development Committee – Bill Harkins, Town Council Liaison**

Mr. Harkins stated the Chairman of the Committee continues to meet with Town Council members. He said a summary of findings will be shared next week.

**9) Appearance by Citizens**

None.

**11) New Business**

**a. Consideration of a Resolution – Sustainable Community Policy Statement**

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island to adopt a Sustainable Community Policy.

Mr. Ferguson moved to approve. Mrs. Likins seconded. Mr. Edwards asked for a brief summary of the reasoning behind the resolution. Marcy Benson and Steve Riley provided background leading up to the resolution. Peter Kristian spoke in favor of the resolution. After discussion, the motion was approved by a vote of 7-0.

**b. Consideration of a Resolution – Long Cove Declaration of Restrictive Covenants Amendment**

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, authorizing the execution of an amendment to the Declaration of Restrictive Covenants with Long Cove Club Owners' Association, Inc.

Mr. Heitzke moved to approve. Mr. Harkins seconded. The motion was approved by a vote of 7-0.

**c. Consideration of a Resolution – South Island Dredging Association**

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, endorsing the South Island Dredging Association Inc's project to perform maintenance dredging in Harbour Town Marina, Braddock Cove Creek (including Gull Point and South Island Marina) and portions of Baynard Cove Creek subject to the South Island Dredging Association Inc's compliance with all federal, state, and local regulatory requirements such as environmental, safety, and strict monitoring of the project.

Mr. Heitzke moved to approve. Mrs. Likins seconded. Mayor Laughlin noted that Mr. Jack Brinkley and others from SIDA were present. Mr. Brinkley stated they were available to answer any questions. Mr. Harkins commented that the survey was very comprehensive and touched on all of the regulatory bodies, which are numerous in number, and the direction bodes well not only for Sea Pines but for the entire Island.

Mr. Williams explained the reason the item came to Town Council the same day it went to the Public Facilities Committee was because the resolution needs to be submitted to the Army Corps of Engineers before the October 26, 2012 deadline for public comment. Mr. Ferguson reminded everyone this project will not cost residents of Hilton Head Island any tax dollars and that SIDA would incur the costs. Mr. Brinkley concurred.

Mayor Laughlin noted that the discharge location was in the area where the Town obtains sand for beach renourishment projects and asked if it would have a impact on the sand quality in that location. Mr. Brinkley said the issue has been thoroughly addressed and said that the conclusion is that it will not have an impact.

The motion was approved by a vote of 7-0.

**d. First Reading of Proposed Ordinance 2012-35**

First Reading of Proposed Ordinance 2012-35 to amend Chapter 3 (Municipal Council) of Title 2 (General Government and Administration) of the Municipal Code of the Town of Hilton Head Island, South Carolina by amending Section 2-3-60 Compensation and Expenses; and provide for severability and an effective date.

Mrs. Likins moved to approve. Mr. Williams seconded. Mr. Edwards said he felt the motivation to increase the salaries was to garner more interest and make it feasible to encourage people to run for office. He added that he saw no reason to hurry this along since people have already filed for this election and he felt this could wait until after the election.

Mayor Laughlin noted that the news reports indicated the increase in compensation sprang from the mind of the Town Manager. He reminded all that the issue was brought up and discussed by Town Council at the Mid-Year Town Workshop and at that time Council asked the Town Manager to do research and provide recommendations. Mr. Chet Williams spoke in favor of the increase. The motion was approved by a vote of 6-1. Mr. Edwards was opposed.

**e. Town Manager Review/Compensation**

Mayor Laughlin stated Town Council has reviewed the performance of the Town Manager and discussed it with him at the October 2, 2012 Town Council regular meeting. He said Town Council feels the Town Manager continues to do commendable work for the Town. Mayor Laughlin noted the Town Manager has not received an increase in salary since 2008 and in recognition of his performance Town Council proposes to increase his salary by five percent (5%), retroactive to July of 2012. Mr. Heitzke moved to approve. Mr. Williams seconded. The motion was approved by a vote of 7-0.

**13) Executive Session**

Mr. Riley stated he needed an executive session for contractual matters pertaining to an agreement with the Shelter Cove Harbour Company and for legal matters pertaining to pending litigation.

At 4:28 p.m. Mr. Harkins moved to go into Executive Session for the reasons given by the Town Manager. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

Mayor Laughlin called the meeting back to order at 4:59 p.m. stating there was no business to take up as a result of executive session.

**12) 5:00 P.M. - PUBLIC HEARING – PROPOSED DEVELOPMENT AGREEMENT BETWEEN THE TOWN OF HILTON HEAD ISLAND AND SHELTER COVE TOWNE CENTRE, LLC (RE: TRACT KNOWN AS THE MALL AT SHELTER COVE)**

Mayor Laughlin called the Public Hearing to order at 5:00 p.m. and asked for public comment. There was none. Mayor Laughlin declared the Public Hearing closed at 5:01 p.m.

**10) Unfinished Business**

**a. Second Reading of Proposed Ordinance 2012-23**

Second Reading of Proposed Ordinance 2012-23 of the Town Council of the Town of Hilton Head Island, South Carolina, authorizing the execution of a development agreement with Shelter Cove Towne Centre, LLC for the redevelopment of the Mall at Shelter Cove pursuant to the authority of S.C. Code Ann. Sec. 5-7-40 (Supp. 2011), and Sec. 2-7-20, Code of the Town of Hilton Head Island, South Carolina, (1983); and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

**b. Second Reading of Proposed Ordinance 2012-24**

Second Reading of Proposed Ordinance 2012-24 authorizing the sale of real property owned by the Town of Hilton Head Island, South Carolina, in exchange for land owned by Shelter Cove Towne Centre, LLC in conjunction with the Mall at Shelter Cove Development Agreement and pursuant to the authority of S. C. Code Ann. § 5-7-40 (Supp. 2011), and § 2-7-20, *Code of the Town of Hilton Head Island, South Carolina*, (1983, As Amended); and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

**c. Second Reading of Proposed Ordinance 2012-28**

Second Reading of Proposed Ordinance 2012-28 authorizing the establishing of covenants and restrictions on real property in conjunction with the Mall at Shelter Cove Development Agreement and pursuant to the authority of S. C. Code Ann. § 5-7-40 (supp. 2011), and § 2-7-20, *Code of the Town of Hilton Head Island, South Carolina*, (1983, As Amended); and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Harkins seconded. The motion was approved by a vote of 7-0.

**d. Second Reading of Proposed Ordinance 2012-29**

Second Reading of Proposed Ordinance 2012-29 authorizing the extinguishment of covenants and restrictions on real property in conjunction with the Mall at Shelter Cove Development Agreement and pursuant to the authority of S. C. Code Ann. § 5-7-40 (Supp. 2011), and § 2-7-20, *Code of the Town of Hilton Head Island, South Carolina*, (1983, As Amended); and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

**e. Second Reading of Proposed Ordinance 2012-19**

Second Reading of Proposed Ordinance 2012-19 to amend Title 16, "The Land Management Ordinance," of the *Municipal Code of the Town of Hilton Head Island, South Carolina*, by amending Section 16-4-102, the Official Zoning Map and the Palmetto Dunes Resort Master Plan with respect to the certain parcels identified as Parcel 26, on Beaufort County Tax Map #12B, and a 9.3 acre portion of Parcel 12 on Beaufort County Tax Map #12C, within the Palmetto Dunes Resort Master Plan under the PD-1 Planned Development Mixed Use District, to amend the uses and associated density for Parcel 26, Tax Map #12B to 295,000 square feet of commercial uses, excluding uses listed in LMO 16-4-209, but permitting liquor store and gas sales, community park and 76 multi-family dwelling units; and the portion of Parcel 12, Tax Map #12C to 134 multi-family dwelling units and community park; and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

**f. Second Reading of Proposed Ordinance 2012-34**

Second Reading of Proposed Ordinance 2012-34 to amend the budget for the Town of Hilton Head Island, South Carolina, for the Fiscal Year ending June 30, 2013; to provide for the expenditures of certain funds; and to allocate the sources of revenue for the said funds.

Mr. Heitzke moved to approve. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

**14) Adjournment**

Mr. Heitzke moved to adjourn. Mr. Williams seconded. The meeting was adjourned at 5:10 p.m.

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Victoria L. Pfannenschmidt  
Executive Assistant

Approved:

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Drew A. Laughlin, Mayor

DRAFT



# Items of Interest November 7, 2012

## 1. Noteworthy Events

a) Some of the upcoming meetings at Town Hall:

- Parks and Recreation Commission – November 8, 2012, 3:30 p.m.
- Veterans Day Observance – Monday, November 12, 2012 – Town Hall Closed
- Design Review Board – November 13, 2012, 1:15 p.m.
- Intergovernmental Relations Committee – November 20, 2012, 3:00 p.m.
- Town Council – November 20, 2012 – 4:00 p.m.

(Meetings subject to change and/or cancellation. Please visit the Town of Hilton Head Island website at [www.hiltonheadislandsc.gov](http://www.hiltonheadislandsc.gov) for meeting agendas

## 2012 Hilton Head Island Events

Friday, November 10, 2012 11:00am-5:00pm Saturday, November 11, 2012 11:00am-5:00pm	Hilton Head Island Oyster Festival Island Recreation Association	Shelter Cove Community Park
Monday, November 12, 2012 10:00am-12:00pm	Veterans Day Observance	Shelter Cove Veterans Memorial Park

## OCTOBER 2012 QUARTERLY REPORT

<b>TOPIC:</b>	<b>350/30 Anniversary Celebration</b>
<b>CONTACT:</b>	Faidra Smith, Administration Manager/Public Information Coordinator
<b>STATUS:</b>	Initial Planning Stage/Committee composed of various Island organizations and residents
<b>ISSUE:</b>	Working with the Heritage Library for October 2013 event
<b>BACKGROUND:</b>	In 2013, the Town will celebrate its 30 <sup>th</sup> Anniversary since Incorporation and it will also be the 350 <sup>th</sup> Anniversary of the sighting of Hilton Head Island by Captain William Hilton
<b>OUTLOOK:</b>	A week-long celebration of events is planned for the week of September 30, 2013-October 5, 2013.

## **Economic Development Advisory Committee - Report to Town Council**

**Town of Hilton Head Island**

**Committee Created by Town Council April 17, 2012**

Voting Members:

Richard Cyr  
Jim Gant  
Peter Parrott  
Tom Lennox

Non-voting member:

Bill Harkins

Consultants:

Terence M Ennis  
John Salazar Ph.D.

Staff:

Shawn Colin  
Eileen Wilson

### **Executive Summary**

In May, 2012, the Town Council chartered this committee to provide additional input to the Council's decision making process on economic redevelopment and to specifically answer the following questions:

1. What specifically does the committee believe such an entity will accomplish for the economic enrichment of the island? ...
2. Why would such an entity be significantly better for the island community's economic future than what currently exists?...
3. How would such an entity fit with regional efforts?
4. What capabilities (in the form of knowledge, skills and abilities would such an entity need ...
5. Could the committee recommend a "pilot" project to verify the value to the community

Previous work in the Mayor's Task Force, the Comprehensive Plan, and studies by others have identified the Hilton Head economy as very dependent on tourism, which is cyclical and impacted by recession and recovery cycles. There are also structural issues that affect our economy. Hilton Head is susceptible to the negative effects of an aging infrastructure, impacted by high vacancy rates of commercial office space, and at risk of future decline in property values and quality of life if a level of economic renewal is not achieved.

### **Recommendation**

The Town should form a non-profit corporation with a full time executive director, governed by a volunteer Board of experienced business executives to raise the visibility of Hilton Head as a great place to live and work and to work with other regional agencies to recruit targeted small businesses to locate on Hilton Head Island. A concerted effort to encourage private sector redevelopment on Hilton Head is preferable and more affordable/ realistic than government sponsored redevelopment.

This new entity should focus in four areas:

1. Identify and attract new development of previously undeveloped properties in desired segments (sometimes called green field development)
2. Encourage redevelopment of existing properties by attracting new businesses in target segments, and expansion of existing businesses
3. Identify and advocate for solutions to infrastructure issues that are inhibiting businesses. For example, wireless broadband vital for attracting new live/work at home residents, or strategic restructure/expansion of our island airport to future meet market needs of the Island
4. Identify and advocate key growth issues with County and State governments on behalf of the Town

## **Contents of Report**

- I. Current economic activity on Hilton Head
- II. Current Town role in economic redevelopment
- III. Regional efforts in economic redevelopment
- IV. Other cities/towns approach to economic redevelopment
- V. Alternatives considered for structuring an economic renewal entity
- VI. Detailed Recommendations
  - A. Key functions of recommended economic renewal entity
  - B. Skills and capabilities of recommended economic renewal entity
  - C. Make up of Board
  - D. Governance model
  - E. Organization chart
  - F. Implementation Phases
  - G. Miscellaneous ideas for Board of Directors To Consider

## I. Current Economic Activity on Hilton Head Island (source Dr J Salazar, USCB)

Obviously the general economic recession has impacted Hilton Head Island as it has the rest of the country, as shown in the 2007 to 2010 data below. Indications that a recovery from the recessionary lows is occurring and some data supports July 2012 as the strongest in recent years.

There are however long term structural issues that need to be addressed.

Tourism volumes have been declining over a longer period of time (for example 2005 - 2007, before the recent recession began), as have gross taxable sales in the same time period. Commercial real estate vacancy rates have climbed to 35-40%, and declining land values are reflected in commercial properties since 2006.

Total economic activity in 2010 was \$4.1 billion, down 16% from 2007, reflecting the impact of the recent recession on real estate and long term trends in decreasing tourism revenues.

The top 5 contributors (accounting for 61%) to that economic activity are:

- Real estate and rentals \$3.0 billion, down 37% from 2007
- Accommodations and food svcs \$353 million, down 21% from 2007
- Finance and insurance \$292 million, up 3 % from 2007
- Health and social services \$212 million, up 20% from 2007
- Construction \$208 million, down 46% from 2007

Next 4 contributors (accounting for 24%)

- Information Mgmt \$190 million, down 1%
- Retail trade \$190 million, down 26%
- Prof, scientific, tech services \$181 million, down 25%
- Administrative and waste services \$178 million, down 5%

Arts, entertainment, recreation (3%) \$ 80 million, down 3%

### Observations

HHI has historically been very dependent on real estate (linked to the tourism/second home market), and revenues declined sharply during the 2007-2010 period. Tourism related revenues also shrunk during that period, but did maintain their relative annual share of revenue

Two sectors, Finance and insurance, and Health and social services grew both in dollar volume and annual share of the local economy.

### Conclusions

While a detailed breakout is not available, one must assume that a large percentage of the real estate market is tourism driven by rental condo's and rental homes, further emphasizing the importance of the tourism economy.

The real estate segment is composed largely of purchases of rental property (tourism), second homes, retiree purchases and local residents. While the Chamber of Commerce focuses on tourism, there is no apparent focus on the second home segment, or retiree segment.

Given the importance of tourism to the island the HHI "entity" for economic development may need to provide focus/play some role in tourism, second home and retiree development.

## **II. Current Town Role in Economic Renewal**

The recommended economic renewal "entity" differs from what's currently being done in several ways, notably, a Board with strong business skills and experience, that can work with business prospects; a visible focal point and "1 stop shop" function for the Town; a dedicated focus to attracting businesses and coordinating with multiple local, regional and State agencies.

While the Town staff does a good percentage of what governments usually perform for economic development assistance there is no visible presence on the Town website or in the Town directory for someone seeking to find assistance.

Assistance is provided on an ad hoc basis to potential businesses who seek out and find the Community Development staff.

A starting inventory of vacant properties on Hilton Head has been completed, and it is hoped that a database of property descriptions linked to the appropriate real estate company can be developed for the Town's website.

The Town owns approximately 1200 acres of property, some of which should be maintained in a natural state to provide open space/scenic vista along major arteries, some could be available for sale or land swaps to facilitate development of targeted areas.

Possible "pilot" opportunities for the HHI economic development "entity", might be:

1. web presence showcasing HHI as a great place to live/work/retire
2. web presence for positioning assistance available to businesses considering locating on HHI
3. web presence of a database of available properties

### **III. Regional Efforts in Economic Development**

#### **Chamber of Commerce- Susan Thomas**

The HHI/Bluffton Chamber is a member of Coastal SC USA, along with Myrtle Beach, Charleston, Golf course groups and airports working with the State of SC to promote international tourism to Hilton Head. Primary activities in the approximately \$300,000 annual budget include relationship marketing to travel agents and advertising/marketing campaigns. The top four countries targeted are UK, Germany, Switzerland and the Scandinavian countries.

The focus of the Visitors and Tourism Bureau of the Chamber is on short term (vacation) tourism and corporate event marketing with hotels. Funding comes from the Town through Accommodations Tax, some funding from Beaufort County, matching funds from the State of SC and a small amount of revenue generating activities like advertising in Chamber publications.

Approximately 25-30% of hotel bookings are made in conjunction with a corporate event. The corporate market is positive about the recent hotel renovations completed, or announced/underway.

The current core visitor group is the late 40's-65 age group, accounting for 65-70% of tourist volumes. The next largest (and in the future the largest visitor group) are the 30-40's age group who have specific requirements in what they are looking for : technology access, family focused activities (versus extensive golfing), the ability to work remotely either while on vacation or from home as full time residents, and cultural events.

Hilton Head needs to start a transition to focus on attributes important to this age group (known as Generation X) that will also appeal to the next generation (known as Gen Y) which is demographically even larger than the Baby Boomer generation. Both are interested in family focused activities, eco-tourism, living/working/playing in a village type atmosphere, access to biking and walking facilities.

The Chamber does not have a specific outreach to recruit new businesses to Hilton Head but does support businesses through an online Business Kit.

#### **Beaufort County- Gary Kubic**

The key to effective economic development is private business involvement with the appropriate level of governmental support. It's also key to communicate the goals and benefits of economic development to the taxpayers.

The typical private enterprise considering relocation will have identified several locations that will work for them before they engage in discussions with you. It's critical that the local government entity have a pre-defined strategy including approved economic incentives before engaging with serious candidates for relocation.

Successful economic development builds on what exists and enhances rather than trying to create something new that is substantially different from the communities core businesses.

One of the tools the County has used is infrastructure site grants, committing the government body to site improvements on behalf of the relocating company. That way if the business fails, the infrastructure is retained and available for other uses.

Regionalism is important for economic development as the conduit to the State Commerce Department. State matching funds for economic development are only available to regional organizations - not single county groups. Likewise, business leads are only passed from the State to regional organizations.

The County believes in and will work with the Strategic Alliance to reconfigure and represent/support Beaufort County.

### **Strategic Alliance - David Tigges and Kim Statler**

The Strategic Alliance is structured (as are all seven regional groups in South Carolina) as a South Carolina non-profit corporation.

The Alliance performs 6 primary functions or roles:

1. Creates visibility through web materials and participation in events
2. Serves as the official conduit with the State of South Carolina Commerce Dept
  - a. SC provides \$5M in matching funds to the 7 regional economic development organizations - approx \$670k to Strategic Alliance (recently Jasper County pulled out of Alliance changing status and funding - see last paragraph this section)
3. Performs lead management and follow up on all leads internally or externally generated
  - a. 80% of leads come through the State Commerce Dept
4. Proactive identification and recruiting of prospects
5. Functions as deal maker for opportunities
  - a. Every opportunity is a unique deal - need a strong deal culture among all participants
6. Defines policies needed to address deficiencies to attracting economic development and advocates for solutions

### Considerations/suggestions for economic redevelopment of Hilton Head Island

- Attractive assets are many, quality of life, general cost of living etc

- Some barriers do exist:

1. Sub optimum technology infrastructure (although this is improving). Specifically wireless broadband cell coverage
2. Limited air service directly to and from larger markets
3. Many physical facilities available for redevelopment (office space), were built for the construction industry and need major work for other uses
4. Costs are still too high - owners have not been willing to accept market realities
5. Psychological resistance to any type of development due to the concern that development will degrade the quality of life/natural resources on Hilton Head

- Thoughts that HHI should considering implementing to improve odds for success

1. Ensure strong business community involvement in economic redevelopment
  - a. Prospects don't want government employees negotiating deals - they want to deal with business people
2. Consider expanding brand identity to include more than tourism
  - a. for example, "good place to live and work remotely", "great place to retire", creative place for technology businesses, etc
3. This area has plenty of residential real estate agents. The clients they are selling a home is a potential business client. We need to cross pollinate information between economic redevelopment and realtors to leverage these relationships
4. Need to develop communication strategy for general population on why economic redevelopment is important for everyone
5. Explore the role of local foundations and non-profits as sources of funding, skills and relationships
6. Look for opportunities where local businesses are sending work and money to other locations that could be performed here if the service used was available - and then recruit someone to fill that need. The example used was water quality testing

In the last few weeks since we met with the Strategic Alliance, Jasper County has withdrawn from the Alliance and the State has determined they are a county level organization and not eligible for State matching funds. It is our understanding from published reports that they will continue to operate using existing funds and work on regaining regional status in the future.

#### **IV. What do other jurisdictions do for economic redevelopment - Economic Exemplar Synthesis - Terry Ennis and Shawn Colin**

Public documents (web based) for seventeen jurisdictions were reviewed by Terry and Shawn to develop an understanding of functions and approaches. The jurisdictions spanned large cities (e.g. San Diego, Ft Lauderdale), counties (e.g. Sarasota County, Charleston County), South Carolina (Greenville, Columbia, Upstate Alliance), and other resort focused communities (e.g. Cape Cod, Martha's Vineyard, Naples FL)

Learnings indicated two major focus areas 1) New Business Intensity and 2) Operational Excellence/Redevelopment Intensity.

Detailed notes are available in charts prepared by Terry and Shawn - but the following summarizes their learnings and lead directly to the proposed Major Functions for required Economic Renewal on Hilton Head Island.

#### **SOME LEARNINGS**

- Create a visible and accessible entity with clear point of entry (Phone, website, direct contact)
- Coordinate efforts to other groups, county, region, State jurisdictions
- Develop communication to and buy- in of Community
- Composition of the Entity (business experience, ex CEOs/COOs, financial, land appraisal, etc...) Multidiscipline guidance committee seems critical
- Perform as “One Stop Shop” for prospects
  - Information on Grants/taxation/incentives
  - Identify available sites for relocation
  - Community Information
  - Information and assistance in Permitting Process
  - etc...
- Clear Objectives & Focus
  - Segmentation & Focus leverage points (not shotgun approach)

- Deal by deal dominates new business prospects
- Support business by training/virtual incubation/competitive analysis
- Address Legacy Issues (Re-development of Old Assets)

## **V. Summary of Approaches for Structuring an Economic Renewal Entity for Hilton Head**

As a result of the exemplar work performed by Shawn Colin and Terry Ennis, studying the economic redevelopment functions in multiple jurisdictions, we evaluated three different approaches.

### **1. Implement as a Town Staff function**

- a. Direct supervision by Town management
- b. Address by reassignment of duties or re-creation of a new division
- c. Can address island-wide program or target specific areas

**OR**

### **2. Create a SC Non-Profit Corporation**

- a. similar to Rock Hill, Greenville, BC Strategic Alliance
- b. Volunteer Board
  - i. Operates under direction and funding of Town Council
  - ii. Guided by the Town's culture and Comprehensive Plan
  - iii. Hires/directs function Leader
  - iv. Other resources/Staff remain with Town
- c. Responsible for:
  - i. Establishing objectives and priorities
    - 1. Renewal of existing areas

2. Planned and appropriate development of undeveloped land on North end
  - ii. Accountable for results to Town Council
  - iii. Establishing partnerships with other entities

**OR**

**3. Establish a Redevelopment Authority**

- a. Created by Town Council
- b. Must follow specific criteria set by State for public corporations
- c. Usually Focused on housing development
- d. Requires specific area focus and operating plan, similar to the effort in establishing a TIF District and Redevelopment Plan

The committee concluded that a non-profit corporation with a full time executive leader would be most effective in pursuing the Town's objectives. Full time focus combined with the business experience of an independent Board has proven most successful in other communities studied.

## **VI. Detailed Recommendations**

Establish a SC non-profit corporation governed by a Board composed of members with the backgrounds and skills identified under Skills and Capabilities - Advisory Board on previous page.

### **Mission**

Encourage, develop and enhance local economic redevelopment required to sustain the quality of life on Hilton Head over the long term. Increase the visibility of the island to attract new business potential, broadening and deepening the economy by coordinating economic regeneration under a singularly focused business entity.

#### **A. Major Functions of an Economic Renewal Entity on Hilton Head Island**

1. Create visibility and singular focus for economic renewal on Hilton Head with clear point of entry (Phone, website, direct contact)
2. Coordinate and Focus effort across Town and other agencies /Conduit to other groups, region, jurisdictions
  - a. Close relationship with existing businesses, link with Chamber of Commerce
  - b. Active participant in Beaufort County/regional alliance - Strategic Alliance
  - c. Establish linkage/relationships at USCB (see creative ideas list)
  - d. Identify role/assistance of State Job Economic Dev Authority -State
  - e. Determine role of non-profits and include in process where appropriate
3. Function as "One Stop Shop" for businesses interested in growing or coming to HHI
  - a. Identified and pre-committed Grants/taxation/incentives
    - i. Capital budget for Communications, deals, pre-approved resources for land swaps, facade improvement programs, etc
    - ii. Available State, County, incentives
  - b. Available Sites, Zoning, Permitting
  - c. Community Information, Demographics, Infrastructure available
  - d. Skills
4. Lead management/deal maker for prospective new businesses
  - a. Lead coordinated approach across Town entities, County, utilities, others

5. Identify and proactively seek out new businesses in target segments and for target redevelopment areas
6. Conduct basic market research to understand :
  - a. HHI Trends in existing economic growth
  - b. Target segments for focus
  - c. Barriers to economic growth
  - d. Define and propose target segments to Town Council for redevelopment based on the measureable economic return to the community
  - e. Develop the databases to support renewal, e.g.:
    - inventory of available commercial properties on HHI
    - potential Town properties available to development
    - existing businesses and leaders - starting with those who have potential/interest in growing, and new targeted segments
7. Education and communication to Hilton Head community - gain buy in to why economic renewal is critical to the Island's future
  - a. Create atmosphere to encourage improvements of existing facilities

#### Functions NOT Recommended

- Acquisition of any " bricks and mortar "
- Industrial or technology parks
- Physical business start up incubator

#### **B. Skills and Capabilities Required**

Effectively implementing an economic renewal "entity" will require strong business skills on the part of the Board and the full time executive director or leader of this function. Experience of other jurisdictions indicates that business prospects want to work more with business people and less with government officials as they evaluate locations and redevelopment.

We believe that the following skills are needed:

#### **Leader**

1. Broad business experience (CEO, COO or equivalent)
  - a. Strong teamwork style,
  - b. Decisive and dynamic "get things done" personality

- c. Experience in leading and getting results with cross functional teams without direct resource ownership/control
- d. Networking skills at multiple organization levels and types
- e. Operational skills and experience
2. Excellent communications and teamwork skills
3. Deal making experience

**C. Non Profit Board of Directors**

Hilton Head is fortunate to have a broad and willing population of volunteers with extensive business experience that can be accessed. The Board should be appointed to staggered 3-4 year terms. The Town should draw upon the community to assemble a Board comprising the following experiences/skills:

1. Recruit volunteers with broad and deep representation across key functions
  - a. Business - CEO or COO (2)
  - b. Corporate Marketing/Communications (1)
  - c. Finance (1)
  - d. Real Estate (1 Comm, 1 Res)
  - e. Tourism (1 Tourism)
  - f. USCB (1)
  - g. Telecomm (1)
  - h. Town Staff (1) non-voting
2. Committed to active involvement and long term success of Hilton Head
  - a. Capable of being responsive to requests for assistance on deals

**Staff (support provided by Town Staff)**

1. Detailed knowledge of economic redevelopment
2. Knowledge of State, County contacts, roles, and process for economic redevelopment
3. Strong project management
4. Teamwork with cross functional teams

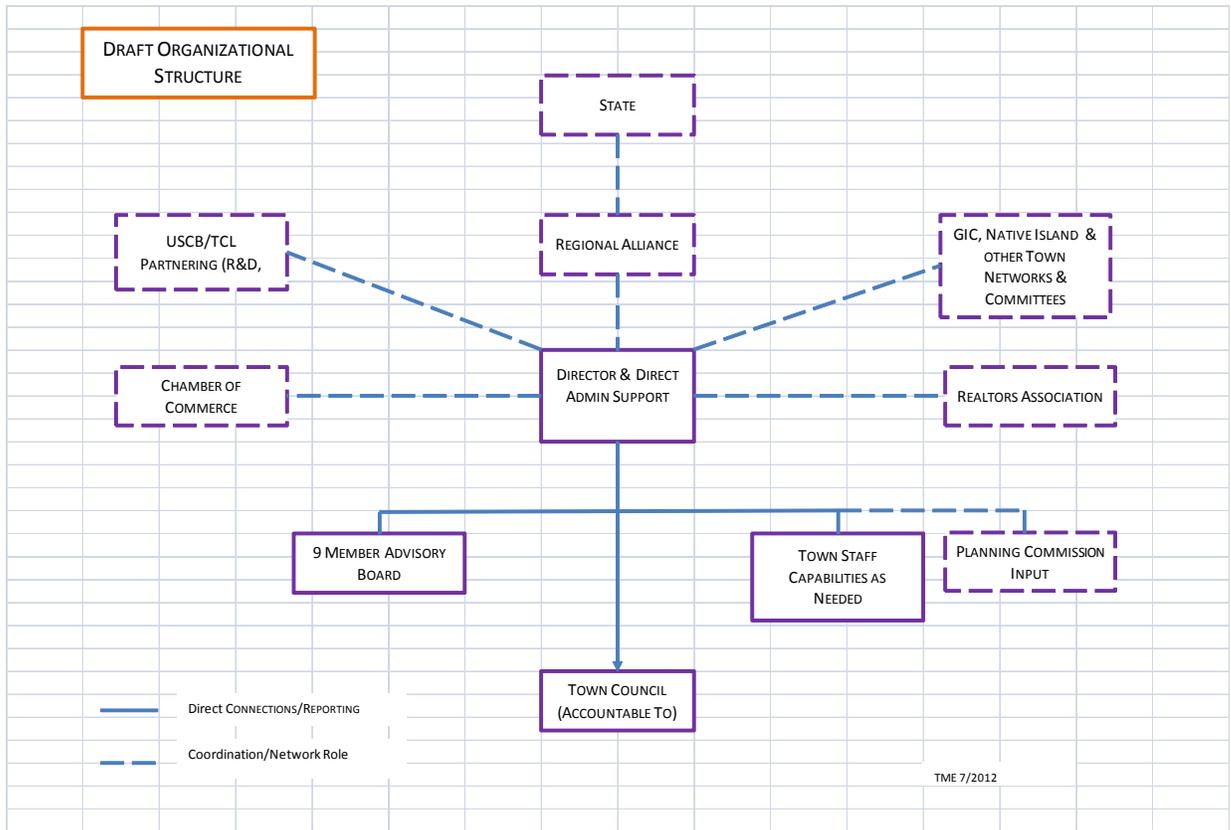
**Tools Required**

1. Capital to fund initial operations, office equipment, etc)
2. Web presence/data management

**D. Basic Governance Model - Board of Non-Profit**

- Accountable:           - To Town Council  
                                  - guided by Town Vision and Comprehensive Plan
- Responsible:           - For Major Functions required for economic redevelopment  
                                  - Hire, direct, evaluate and compensate full time paid leader  
                                  - Prepare and manage Town funded budget
- Coordinate:           - Activities with multiple Partners  
                                  - e.g. Chamber, Strategic Alliance, County, State  
                                  - Critical linkages with Town on LMO, Comprehensive Plan etc
- Inform:                 - Town Manager and Town Council   - Community at Large

## E. Proposed Organization Relationships



### Assets of the Economic Renewal Entity

- Minimal physical assets
- Visible and identifiable office/back office capability
- Conference room capability with high quality conference calling capability
- Budget (salaries, travel, communications/web site)
- Capital budget for deals (by negotiation, prospect driven with Town Council)
- Capability to bond (by negotiation, prospect driven with Town Council)

## **F. Implementation Phases**

Implementation can begin almost immediately with the existing Town staff starting work on the visibility elements and the Town Council naming the Board.

### Phase 1 – The Town Staff/Town Council phase

- activities that can be initiated by existing staff and Town Council while Board is formed
  - Create visibility for economic renewal on Town website, telephone directories and email
  - Designate office space, admin, etc
    - Good visibility, executive office space, proximity to other Town Departments
    - Open question of whether or not the exec director should be located in Town Hall
  - Define and initiate initial communications to community explaining the need and value of economic development to future quality of life, financial well being of Hilton Head residents
  - Recruit Economic Redevelopment Board

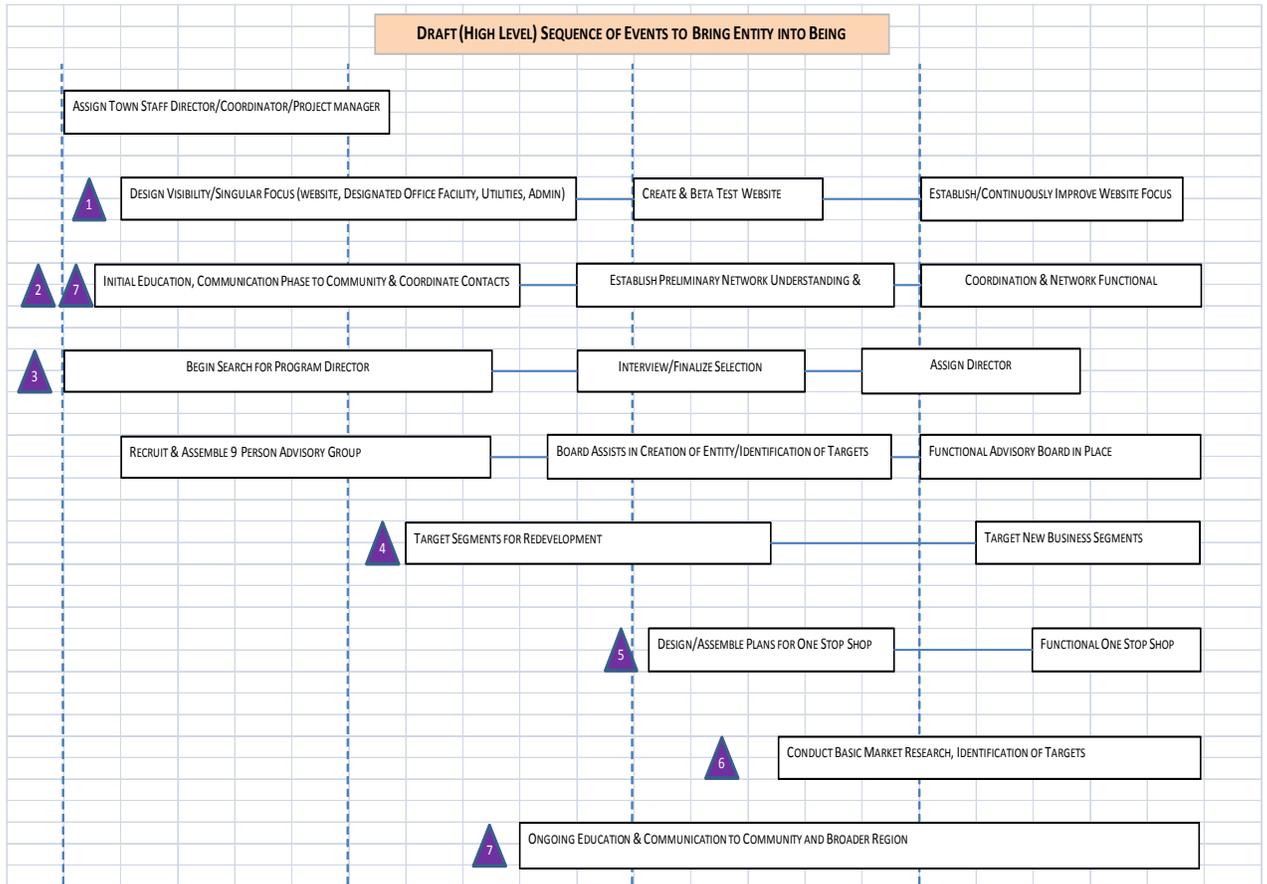
### Phase 2 – The Board Phase

- activities to be performed by Board before full operation of the new economic renewal "entity"
  - Begin search and hire full time executive director working with Town HR function
  - Develop operational strategy, initial contacts with other agencies
  - Review and approve web initial presence
  - Identify starting point/focus areas for economic redevelopment
    - Business segments
    - Geographic areas

### Phase 3 – The full operational phase

- activities when executive director on board and "entity" begins operation
  - Board to target new business segments and executive director to engage prospects
  - Actively work with other agencies
  - Design and implement "one stop shop"

A more detailed sequence of events chart follows.



**Miscellaneous Creative Ideas for Consideration by the HHI Economic Renewal "Entity" - not prioritized**

- Build an "internal" communication strategy that helps our island residents understand the need for redevelopment. Why we cannot continue to drift downward to more deterioration in employment and real estate sales, and the resultant higher taxes.
- Build a stronger linkage between the Town and the Chamber of Commerce on what is needed for Hilton Head and how we will jointly market to those needs
- Support a culture of Service Excellence building on the work of a local service excellence group "CSL"
- LERTA type funds for development
- ID early economic indicators in key segments
- Build relationships in key segments (like Health care)
- Recruit early retirees
- Recruit work from home candidates who can leverage technology
- Determine the linkage between economic development and education, planning for skills needed in the future
- Develop a database of commercial properties available
- Develop a target list of areas for redevelopment - large and small
- Build a relationship between economic redevelopment and area realtors to help reach potential business clients with the message to home buyers that this is a great place to 1)locate a small business, 2) work from home
- Develop and communicate a strategy to encourage refurbishing of individually owned condos
  - Marketing campaign/education through POA's/condo Boards
  - Work with property managers
  - Promote technology access, cell phone coverage and wi-fi
  - Identify county and state tax incentives
- Encourage the new "entity" to review and utilize as appropriate ideas from "Local Economic Development - Primer" from World Bank
- Formalize a strategic research program and workforce development economic alliance with University of South Carolina Beaufort (USCB) and Technical College of the Lowcountry (TCL) whereas faculty apply their areas of expertise (across all disciplines) to advance the community's economic efforts while maintaining and/or growing existing sector GDP. TCL can create programs addressing the vocational needs of the prevailing sectors, while USCB can create leadership programs dedicated to advancing sector strategic initiatives.
- Formally support and align Hilton Head Island economic efforts with USCB and TCL academic program growth whereas both institutions develop a strategic faculty hire initiative to corroborate the academic effort. This will directly impact sector development.

- Research and quantify the value of a convention facility with 1,000 seat capacity. How many business events (by name and size) have been lost over the last 2 years because of lack of seating capacity (Realtors Assoc, Chamber and Hotels may have data). Consider incenting private business to build/operate a facility



## TOWN OF HILTON HEAD ISLAND

*Community Development Department*

**TO:** Stephen G. Riley, *Town Manager*  
**VIA:** Scott Liggett, *Director of Public Projects & Facilities*  
**FROM:** Nicole Dixon, CFM, *Senior Planner*  
**CC:** Charles Cousins, AICP, *Director of Community Development*  
**DATE:** October 16, 2012  
**SUBJECT:** Alternative Analysis of a Standalone Aquatics Facility

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**Recommendation:** Staff recommends that Town Council review the findings and recommendations provided in the Alternative Analysis prepared by Lee & Parker Architects and The FWA Group, regarding the location of the proposed standalone Aquatics Facility, and use the recommendations when discussing the project for potential inclusion in the Capital Improvements Program budget.

At the October 11, 2012 Parks and Recreation Commission meeting, the Commission voted to accept the Alternative Analysis of a Standalone Aquatics Facility as presented and to recommend that Town Council use these findings when discussing the project for potential inclusion in the Capital Improvements Program budget.

At the October 2, 2012 Public Facilities Committee meeting, the Committee voted to forward the Alternate Analysis to Town Council with a recommendation they use the findings when discussing the project for potential inclusion in the Capital Improvements Program Budget.

**Summary:** At the November 11, 2011 Town Council meeting, Council voted to: (1) endorse in concept the Master Plan and findings prepared by Lee & Parker Architects regarding the Island Recreation Center proposed expansion project. There was discussion on whether or not the new Aquatics Facility should be a standalone facility elsewhere on the Island and not as a component of the existing Recreation Center site and that the plan would be discussed further at their workshop.

After the project was discussed at Town Council's workshop in December 2011, staff was directed to proceed with the additional study for this proposed project: to gather further information on the potential costs and benefits of creating a more civic investment by constructing a standalone Aquatics Facility.

**Background:** Town Council's Policy Agenda for 2012 has Aquatics Center: Direction, Location and Funding listed as a high priority. Town Council's Policy Agenda for 2011 had 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. It was stressed at that meeting the importance of a splash pad for children because it will be a revenue generator and will draw families to the facility.

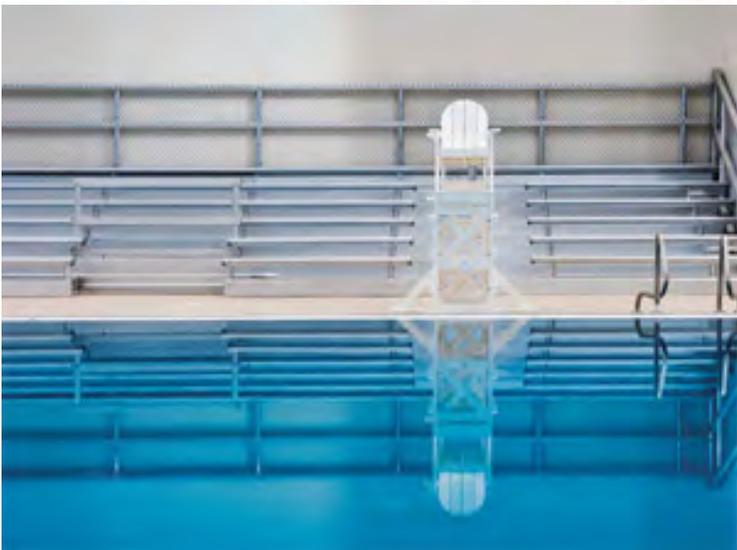
At the February 1, 2011 Town Council meeting, Council voted to approve the elements identified in the Feasibility Study prepared by Lee & Parker Architects, for the proposed Island Recreation Center/Aquatics Facility/SHARE Senior Center expansion project, with the following conditions recommended by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

- Alternative Analysis Study
- Standalone Aquatic Facility Budget
- Co-located Aquatic Facility Budget



Town of Hilton Head Island



## Island Recreation Center SHARE Center Enhancement Expansion Project

### PHASE 3 Aquatic Facility

Town of Hilton Head Island  
RFQ 2009-017  
August 25, 2012



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- A. Standalone Aquatics Center operations budget
- B. Rec Center site Aquatics Center operations budget

# EXECUTIVE SUMMARY

Lee & Parker Architects, in association with the FWA Group worked with the Hilton Head Island Town Staff and with the Island Recreation Center management and their staffs to develop the following study of alternatives to locating the proposed Aquatics Center program component at the current Island Recreation Center site. It recommends creating a greater civic investment by constructing a standalone Aquatics Center at the Chaplin Park and details the corresponding physical, financial and operational implications.

## KEY FINDINGS

### AQUATICS CENTER BUILDING & SPLASH PAD:

- o The facility should be sized properly for the anticipated size of our community, current island population of +/-34,000.
- o The standalone facility will be a bigger building because of the need to include spaces that were shared on the Rec Center site such as the lobby, storage, mechanical, offices, and additional bathrooms fixtures.
- o The standalone facility allows the splash park (revenue generator) to be increased from 12,000 sq ft to 28,000 sq ft and will allow expansion.
- o The facility can be a "civic" hub type building providing expanded use for the broader community if designed correctly.
- o The relocation of the Aquatics Center to its own site will free up opportunities for the existing Rec Center site.

### SITE REQUIREMENTS:

- o Land to be developed should be owned by the Town
- o Have good access to William Hilton Parkway
- o Be at least 6 acres

### BUSINESS PLAN

- o With this study the aquatic program sessions were conservatively assumed to increase 30%.
- o Full time employees will increase by three & part time employees by 13.
- o The operating budget (not including CIP) will increase over the rec center site location by 21%, but the government contribution will be reduced 42%.
- o Rec Center site: \$545,680 (government contribution: \$356,300)
- o Standalone site: \$689,002 (government contribution: \$204,272)



## KEY CONCLUSIONS

### AQUATICS CENTER BUILDING & SPLASH PAD:

- o The pool facility will be configured with a 60 ft x 75 ft (8 lane) competition pool & separate 30 ft x 75 ft (3 lane) training/warm up pool with ramped entrance as recommended by USA Swimming.
- o The splash pad area can be increased allowing the complex to serve a broader section of the population, 12,000 sq ft to 28,000 sq ft.
- o Both facilities will be designed for future expansion as use requires.
- o The standalone Aquatics Center will be located and designed to be a trend setting "civic investment" type facility that will reflect the excellence that our community embodies.

### BUSINESS PLAN

- o Fees will need to reflect the improved user experience, splash park fees will be tiered so the off island visitor will subsidize local users.
- o The implementation and marketing of the proposed facilities and programs will result in increases in facility utilization, patron volume and revenue increases that could exceed the projections included in this study.

### IMPACTS TO EXISTING PLANS & FACILITIES:

- o To the existing Recreation Center expansion Master Plan:
  - No need to relocate (2) tennis courts.
  - New gym could be located in such a way to save most of the playing field.
  - Parking can still be increased as previously proposed, but could be reduced if beneficial to the Master Plan.
  - The existing pool can be renovated to upgrade the filtration system and side-walls and act as a seasonal "recreation" pool going forward.
  - Will retain more open space that would be suggested for this type facility.
- o To the existing Chaplin Park facilities:
  - This would add horsepower to the "community center" with ball fields, tennis facility, and an Aquatics Center all located in one central island location.
  - The existing dog park would need to be relocated. One site would be the creek front Town owned site adjacent to the Memorial Park. It is suggested that the existing under utilized parking and bathroom facilities would be shared creating good economies. This is a low impact type development that is perfect for this environmentally sensitive site and will add a unique communal node on the future lineal park.

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## KEY RECOMMENDATIONS

- o A new Aquatics Center complex, including a splash pad, should be located at the Chaplin Park facility.
- o The facility should be envisioned and designed as a high quality, dynamic and exciting recreational “civic” building.
- o The Recreation Center Master Plan is to be revised to reflect the new opportunities presented by the relocation of the new pool facility.
- o The existing dog park is to be re imagined on another site possibly the Shelter Cove side of William Hilton Parkway on the Town owned creek front land.
- o Tennis complex is to be retained and expanded in a lineal fashion, as suggested with the concept plan for the Chaplin linear park.

## 1 . 0 I N T R O D U C T I O N

Lee & Parker Architects, in association with the FWA Group worked with the Hilton Head Island Town Staff and with the Island Recreation Center management and their staff to develop the following study of alternatives to locating the proposed Aquatics Center program component at the current Island Recreation Center site. It recommends creating a greater civic investment by constructing a standalone Aquatics Center at the Chaplin Park and details the corresponding physical, financial and operational implications.

## 2 . 0 S C O P E A N D A P P R O A C H

We directed our primary focus on the Shelter Cove / Chaplin Park area. Additional sites were reviewed and listed in a macro level only. Our primary analysis considered any additional components required to be added to the program as a cause of developing a standalone facility and the viability of the splash pad being a component of the facility.

The following was analyzed as required by a standalone facility:

1. Spatial program changes
2. Parking requirements
3. Recreation classes and events and possible expansion on Phase 2 study
4. Operational costs
5. Capital costs



## 3.0 KEY FINDINGS TO DETERMINE LAND REQUIRED

### 3.1 USA SWIMMING PROGRAM REQUIREMENTS FOR STANDALONE FACILITY

Before we could determine the best location we needed to verify the basic elements needed in a standalone Aquatics Center and validate the minimum requirements for the potential site. To verify the program elements established in the Enhancement Study for the aquatics component Eric Kemeny (Aquatics Director for the Island Recreation Association) and Barry Taylor with The FWA Group attended the "Build-a-Pool/Program-a-Pool" Conference sponsored by USA Swimming as part of the International Aquatics Fitness Conference in Orlando, Florida. The "Build-a-Pool" Conference is one of six provided each year that offer support for programming/planning aquatic facilities for sustainability plus innovative ideas and examples for new building and renovations. USA Swimming member clubs, private and public organizations are encouraged to take advantage of these educational resources. These workshop style events are conducted by the USA Swimming facilities development staff. To date these conferences have been an important part in the development of over 65 new facilities. They have also played a supporting role in over 100 additional projects.

#### WHAT IS USA SWIMMING?

USA Swimming is the National Governing Body for competitive swimming in the United States. USA Swimming was conceived in 1978 with the passage of the Amateur Sports Act, which specified that all Olympic sports would be administered independently. Prior to this act, USA Swimming was the Competitive Swimming Committee of the Amateur Athletic Union (AAU) located in Indianapolis, Indiana. USA Swimming Headquarters office was established in Colorado Springs, Colorado, in 1981 and is located at the Olympic Training Center.

As the National Governing Body for the sport, USA Swimming is responsible for the conduct and administration of swimming in the United States. In this capacity, USA Swimming formulates the rules, implements the policies and procedures, conducts the national championships, disseminates safety and sports medicine information and selects athletes to represent the United States in international competition.

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#### HILTON HEAD ISLAND FACILITY

With the validation gained from the conference and support of the USA Swimming Facilities Development staff, we had several meetings with the staff from the Island Recreation Center to craft a conceptual footprint for the standalone Aquatics Center.

In consideration of the general guidelines fashioned by the USA Swimming Facilities Development staff they recommend developing an Aquatics Center for Hilton Head Island of no more than 30,000 square feet with a minimum of two pools and possibly three if there was a need for a therapy pool. USA Swimming guidelines are based on their experience and rooted in a community's population and the ability of the community to support a particular facility size and pool configurations (competition, training and therapy).

For the competition pool they recommended using an eight lane configuration between 60'-0" to 67'-0" wide and 75'-0" long and for the training pool to be 30'-0" wide and 75'-0" long.

### 3.2 SPLASH PAD REQUIREMENTS FOR STANDALONE FACILITY

An outdoor splash pad area will also be constructed as a component of the new Aquatics Center. The splash pad is envisioned as a shallow pool with features such as water slides, splash fountains, tumble buckets, and water spray cannons and other such features. The water depth can range from a few inches to 4 feet at the slides.

USA Swimming does not have guidelines to develop splash pads. Instead the Facilities Development staff recommended contacts for equipment suppliers and consultants that could be of assistance. The various contacts suggested establishing an initial core area of an acre or less with conventional components as a base. From that core area adjacent land around the core should be set aside to provide areas for future expansion. Based on those suggestions we have established a core area of approximately 28,000 square feet for the splash pad and deck with a freestanding concessions area and toilet facilities.

### 3.3 PARKING REQUIREMENTS FOR STANDALONE FACILITY:

o Per the Town of Hilton Head Island's Land Management Ordinance, the Aquatics Center use category is considered to be Community Service. As such to determine the number of parking spaces to be provided we have taken into account the gross floor area and sub-use categories of business and indoor recreation of the proposed 25,900 gross square foot (gsf) facility. Based on the gross floor area of the facility and the determined uses the following defines the required parking to be provided:

o Recreation – Community Service			
25,100 gsf of recreation @ 1 per 400 gsf	=	63 parking	
o Business			
800 gsf of business @ 1 per 200 gsf	=	4 parking	
o Indoor Recreation			
372 fixed seats @ 1 per 3 persons	=	124 parking	
<hr/>			
o Total parking required	=	191 parking	
o Total allowed (105% of minimum)	=	201 parking	

### 3.4 LAND REQUIREMENTS AS DETERMINED BY PROGRAM & PARKING

- o The land required will need to be:
  - Owned by the Town
  - Have good access to William Hilton Parkway
  - Be at least 6 acres



3.5 AERIAL VIEW OF SITES TO BE CONSIDERED



**SITE LEGEND**

 **SITES INITIALLY REVIEWED**

**SITE SELECTION CRITERIA:**

- WITHIN THE CHAPLIN / SHELTER COVE TARGET AREA
- ACCESS TO HIGHWAY 278
- A MINIMUM (6) ACRES FOR SITE DEVELOPMENT



**AQUATICS CENTER SITE OPTIONS**

3.6 AERIAL VIEW OF SITES FOR FURTHER DETAILED STUDY



SITE LEGEND



SITES INITIALLY REVIEWED



SITES SELECTED TO BE REVIEWED IN MORE DETAIL



AQUATICS CENTER SITE OPTIONS

### 3.7 OTHER SITES IDENTIFIED BUT NOT STUDIED BEYOND FEASIBILITY:

- o Crossings Park area at the south end:
  - Is owned by the Town
  - Does not have good access to William Hilton Parkway
  - Is at least 6 acres
  
- o Gateway tract at northern end of the island:
  - Not owned by the Town
  - Has good access to William Hilton Parkway
  - Could be at least 6 acres, but multiple owners

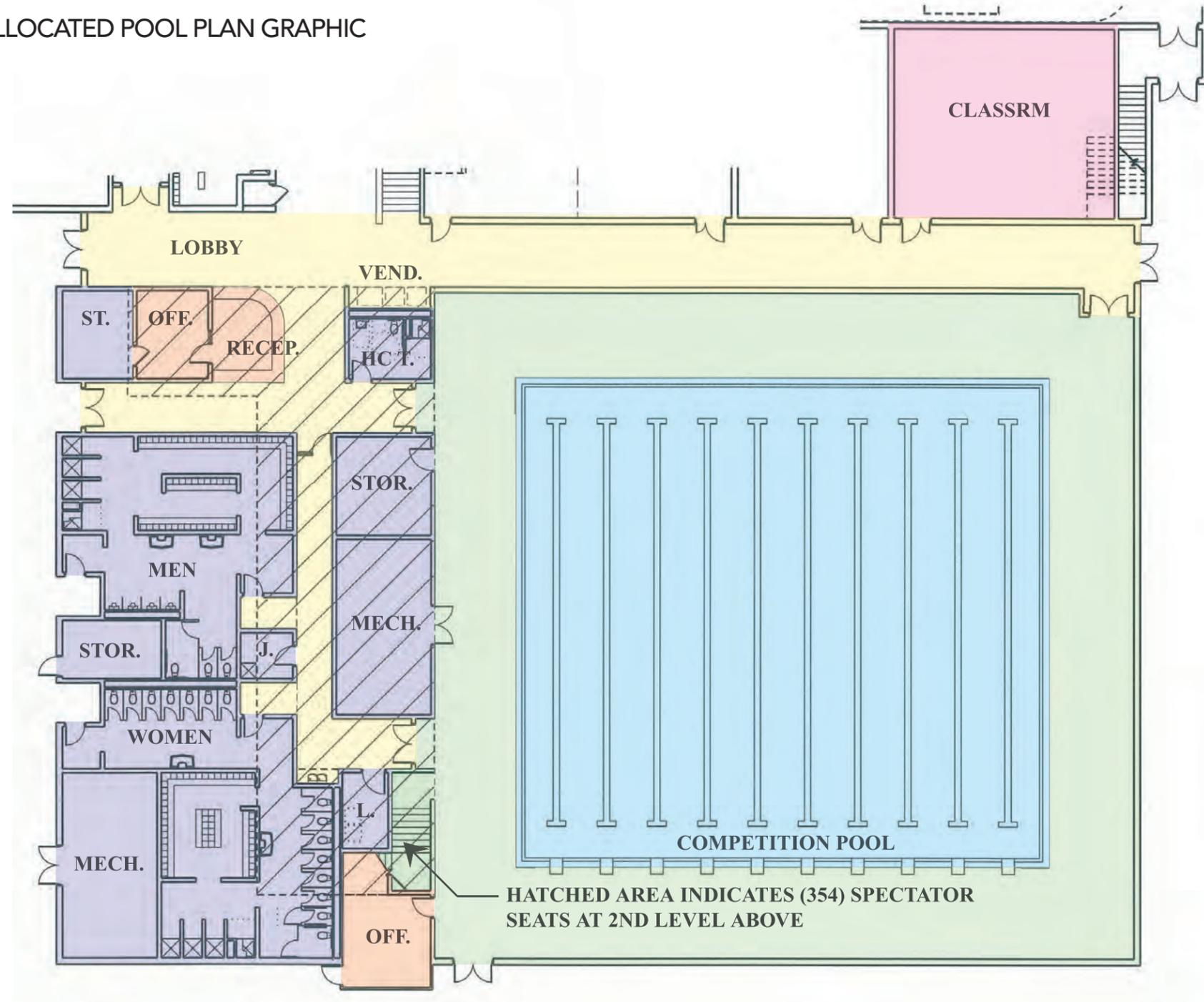


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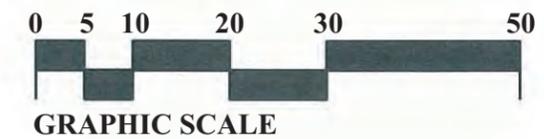
4.0 BUILDING PROGRAM ANALYSIS

4.1 COLLOCATED POOL PLAN GRAPHIC

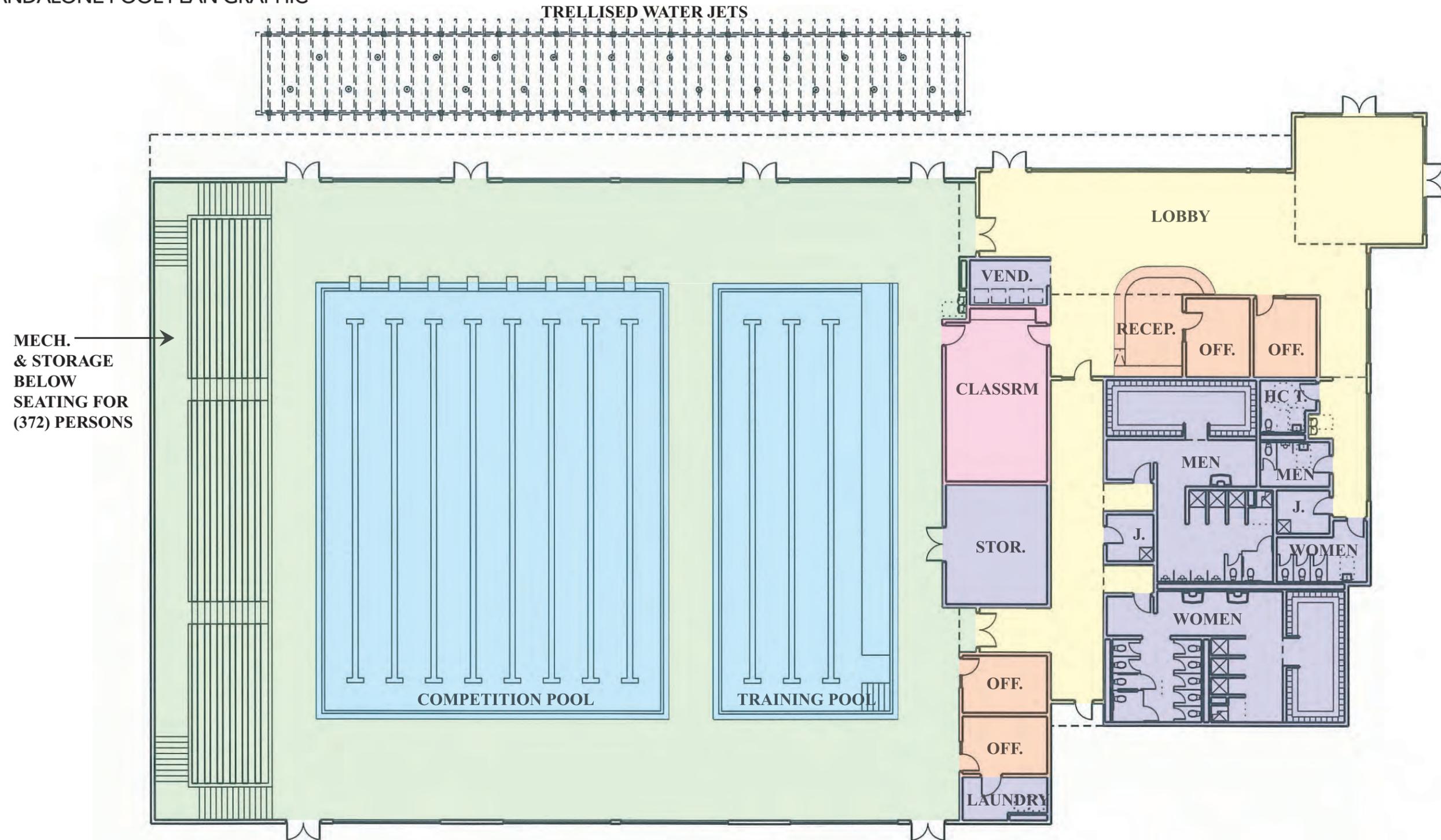


LEGEND

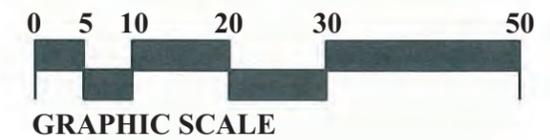
- POOL
- DECK AREA / SPECTATOR SEATING
- ADMINISTRATIVE
- CLASSROOM
- CIRCULATION
- UTILITY/TOILETS



4.2 STANDALONE POOL PLAN GRAPHIC



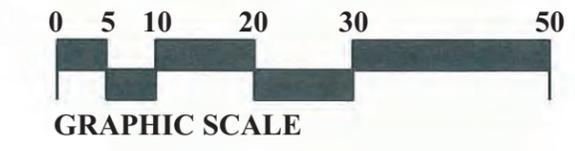
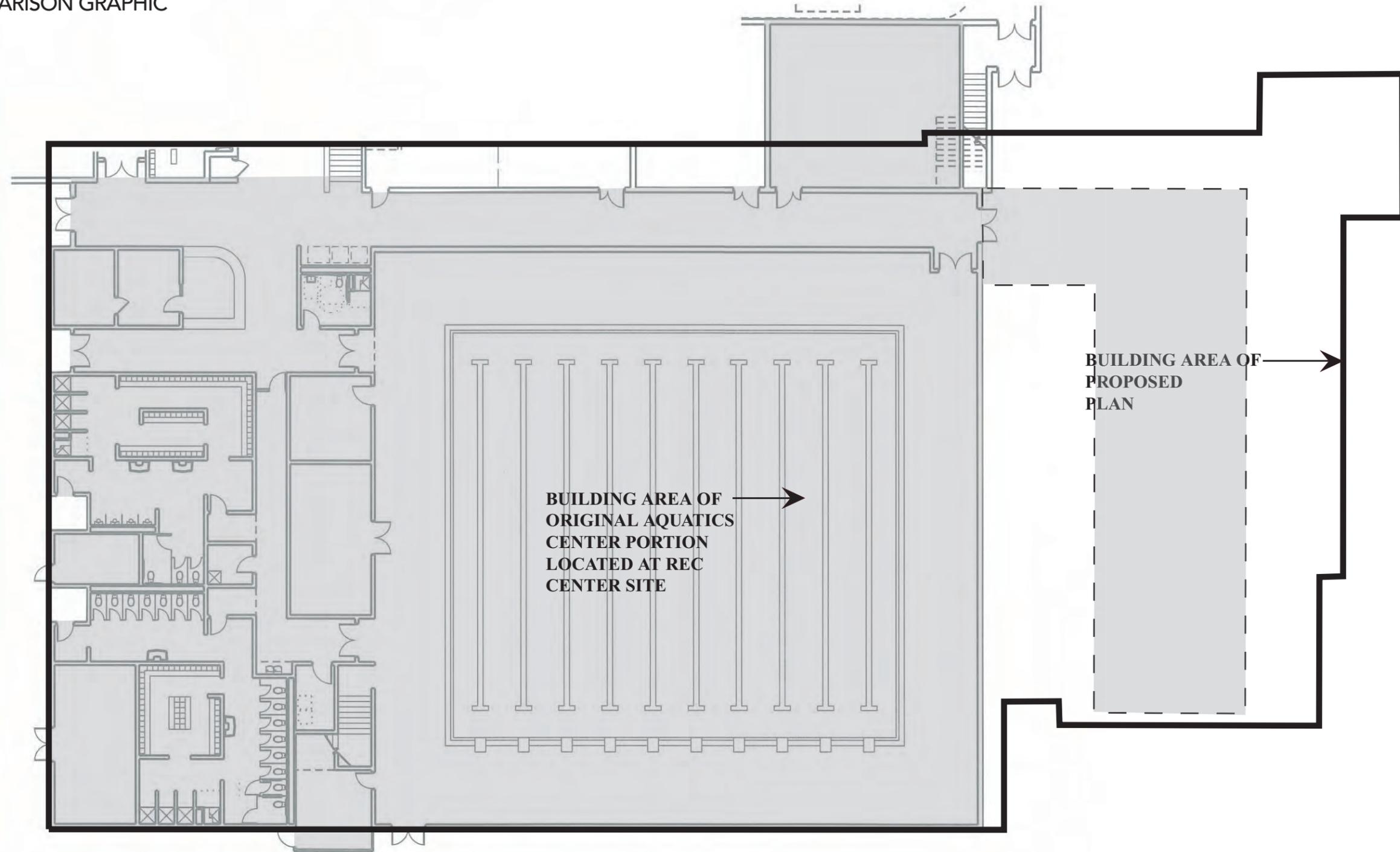
- LEGEND**
- POOL
  - DECK AREA / SPECTATOR SEATING
  - ADMINISTRATIVE
  - CLASSROOM
  - CIRCULATION
  - UTILITY/TOILETS



**CHAPLIN PARK SITE  
AQUATICS CENTER PRELIMINARY FLOOR PLAN**



4.3 SIZE COMPARISON GRAPHIC



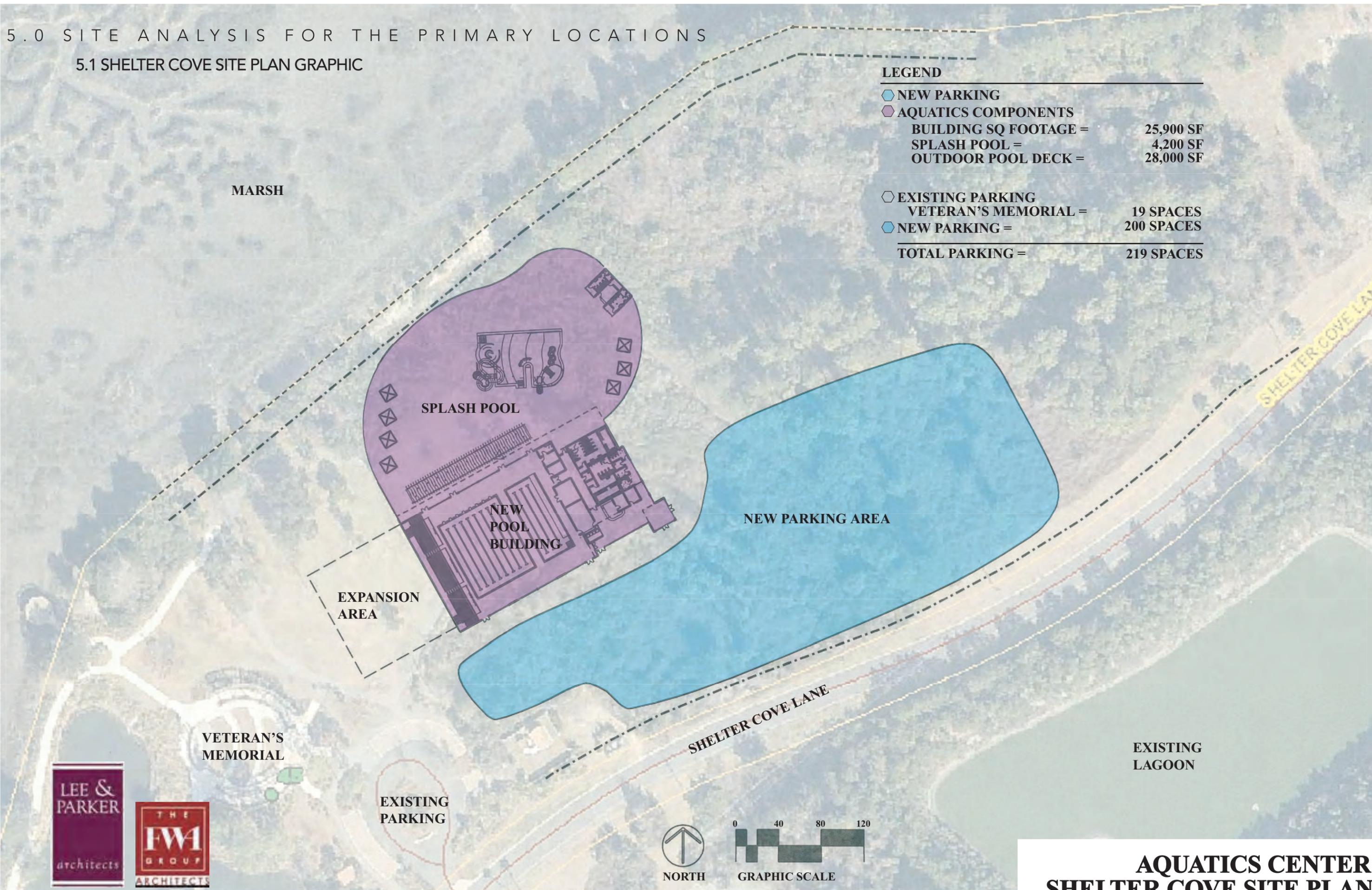
**AQUATICS CENTER FLOOR PLAN COMPARISON**

5.0 SITE ANALYSIS FOR THE PRIMARY LOCATIONS

5.1 SHELTER COVE SITE PLAN GRAPHIC

LEGEND

NEW PARKING	
AQUATICS COMPONENTS	
BUILDING SQ FOOTAGE =	25,900 SF
SPLASH POOL =	4,200 SF
OUTDOOR POOL DECK =	28,000 SF
EXISTING PARKING	
VETERAN'S MEMORIAL =	19 SPACES
NEW PARKING =	200 SPACES
TOTAL PARKING =	219 SPACES



MARSH

SPLASH POOL

NEW POOL BUILDING

NEW PARKING AREA

EXPANSION AREA

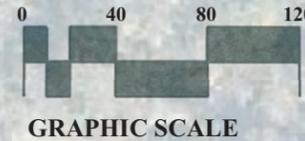
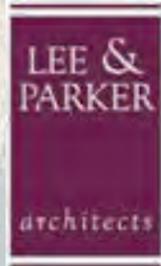
VETERAN'S MEMORIAL

EXISTING PARKING

SHELTER COVE LANE

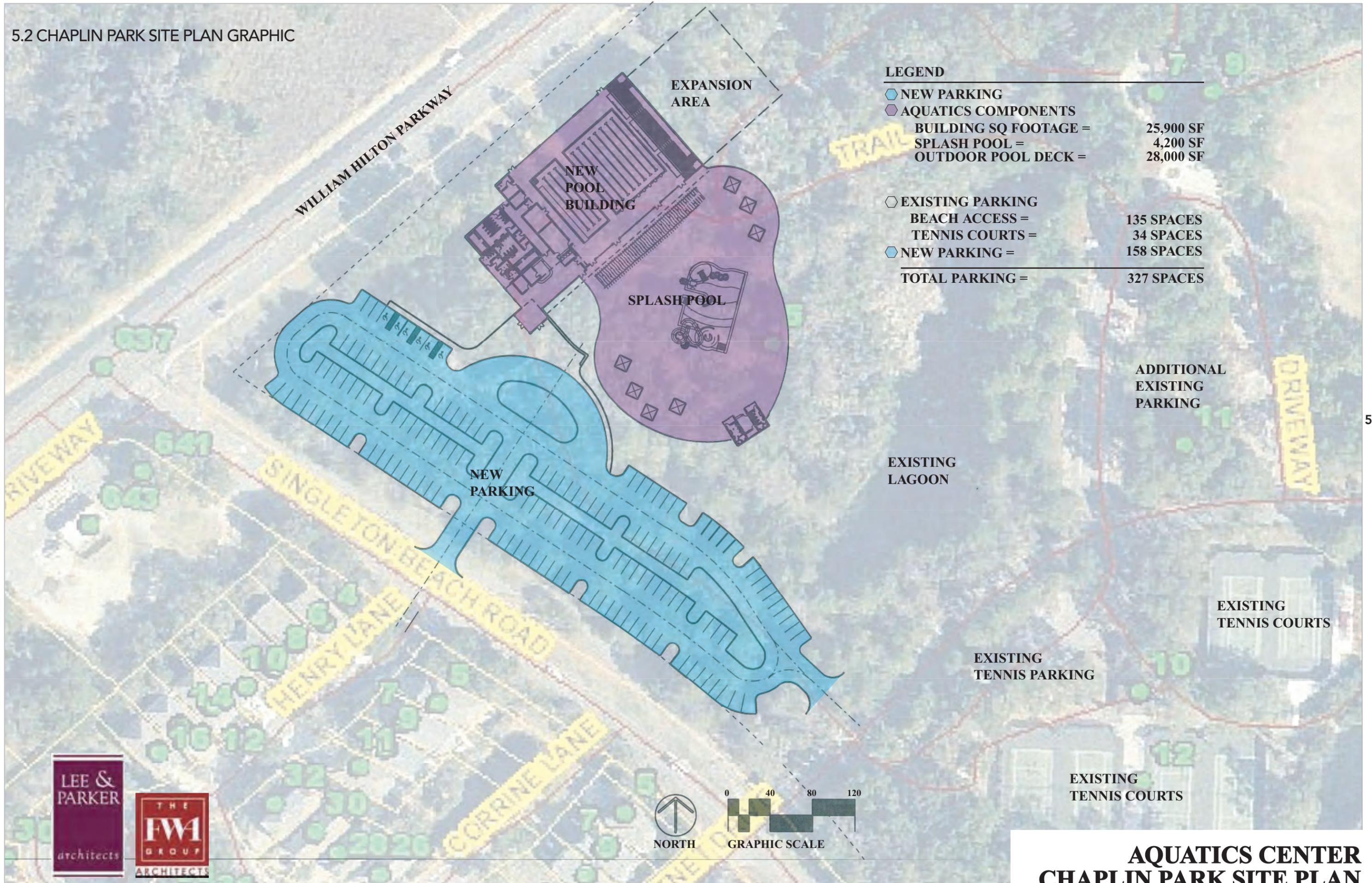
EXISTING LAGOON

SHELTER COVE LANE



**AQUATICS CENTER  
SHELTER COVE SITE PLAN**

5.2 CHAPLIN PARK SITE PLAN GRAPHIC



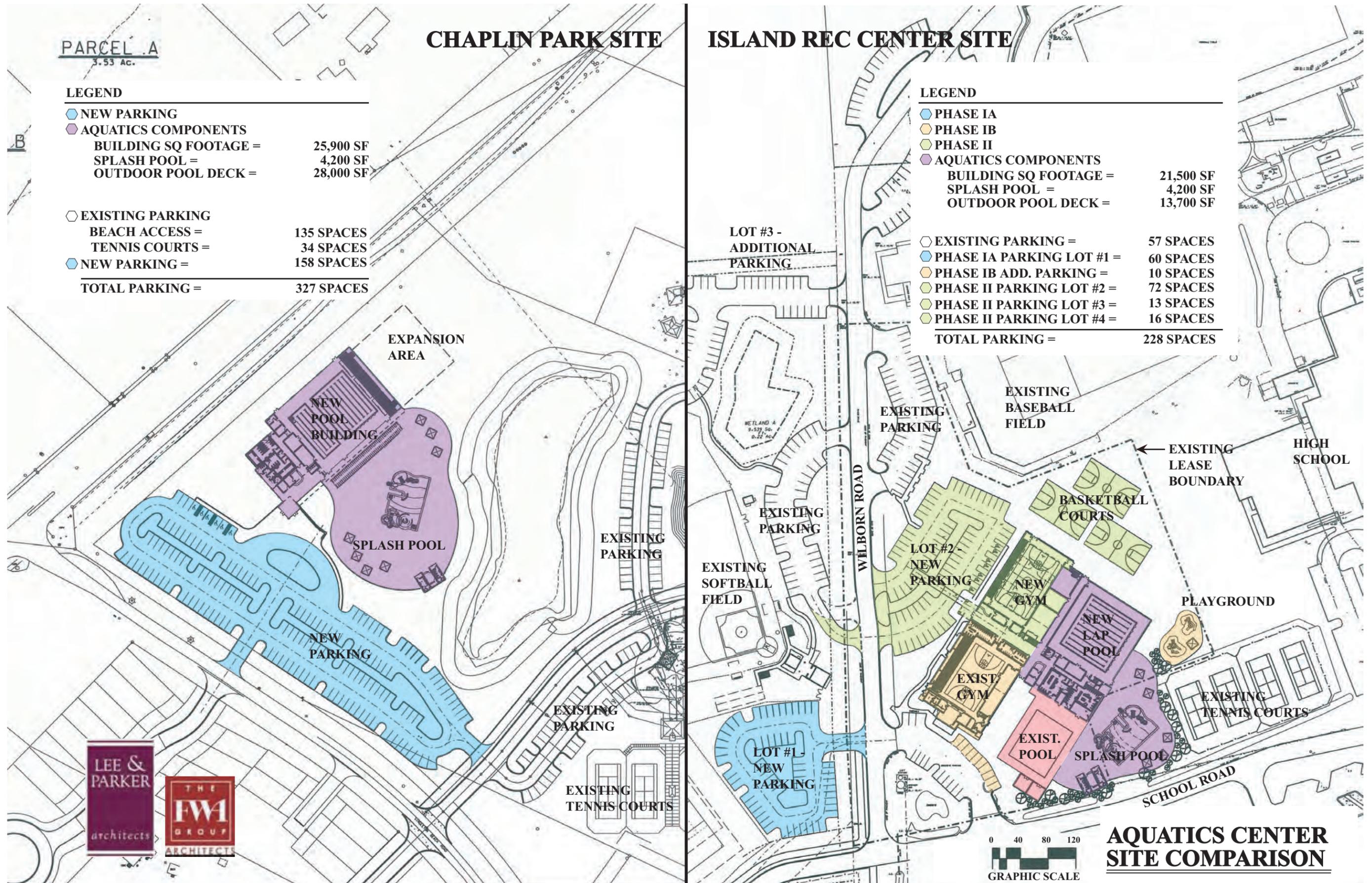
**LEGEND**

◆ NEW PARKING	
◆ AQUATICS COMPONENTS	
BUILDING SQ FOOTAGE =	25,900 SF
SPLASH POOL =	4,200 SF
OUTDOOR POOL DECK =	28,000 SF
<hr/>	
◇ EXISTING PARKING	
BEACH ACCESS =	135 SPACES
TENNIS COURTS =	34 SPACES
◆ NEW PARKING =	158 SPACES
<hr/>	
TOTAL PARKING =	327 SPACES



**AQUATICS CENTER  
CHAPLIN PARK SITE PLAN**

5.3 PROS & CONS- SITE COMPARISONS:



PARCEL A  
3.53 AC.

**CHAPLIN PARK SITE**

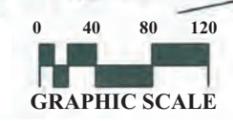
**LEGEND**

- NEW PARKING
- AQUATICS COMPONENTS
  - BUILDING SQ FOOTAGE = 25,900 SF
  - SPLASH POOL = 4,200 SF
  - OUTDOOR POOL DECK = 28,000 SF
- EXISTING PARKING
  - BEACH ACCESS = 135 SPACES
  - TENNIS COURTS = 34 SPACES
- NEW PARKING = 158 SPACES
- TOTAL PARKING = 327 SPACES**

**ISLAND REC CENTER SITE**

**LEGEND**

- PHASE IA
- PHASE IB
- PHASE II
- AQUATICS COMPONENTS
  - BUILDING SQ FOOTAGE = 21,500 SF
  - SPLASH POOL = 4,200 SF
  - OUTDOOR POOL DECK = 13,700 SF
- 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**



**AQUATICS CENTER SITE COMPARISON**

## EXISTING REC CENTER SITE

- o Pros
  - Close to schools for their use
  - Existing grade elevation is above flood zone
  - Supports economic use of staff, maintenance, operations and programs
  - Adjacent recreation activities on site
  - Additional overflow parking available on school property
- o Cons
  - Limited site
  - Will lose playing field area with placement of new construction
  - Construction activity will impact other activities on site and nearby school activity
  - No room for expansion
  - Access is limited
  - Land is owned by the School District
  - Off island lodging is more convenient for events

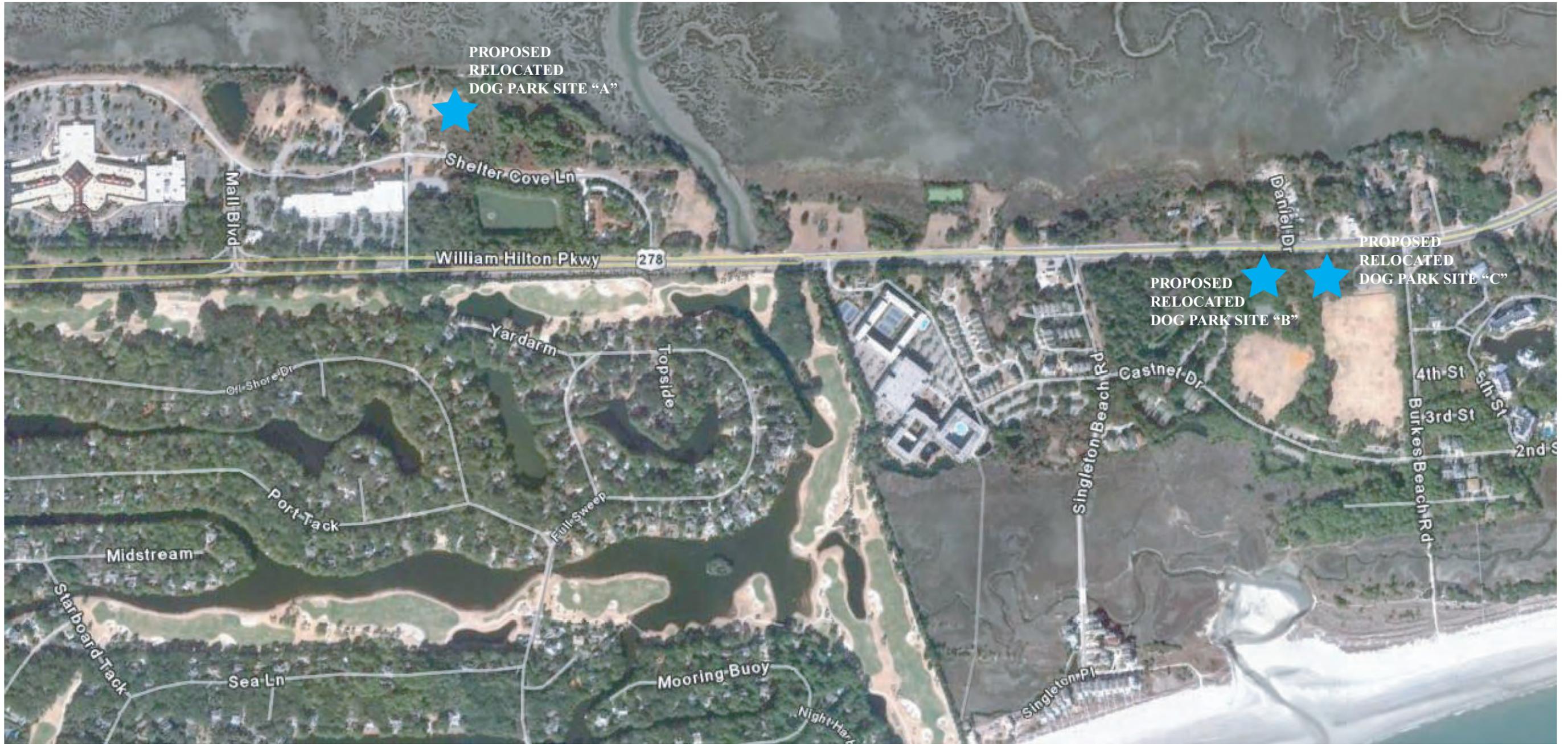
## CHAPLIN SITE

- o Pros
  - Land is owned by the Town
  - Site is easily accessible and provides good visibility from William Hilton Parkway
  - Construction activities will not interrupt any other site activities
  - Site provides more flexible design options
  - Area for larger splash pad is available
  - Site supports the Town's linear park and is close to beach and marsh
  - Overflow parking is available on site
  - Land is available for expansion
  - Site supports active recreation focus of existing park
  - On island lodging is convenient for events
- o Cons
  - Dual locations will mean additional staffing and operating costs
  - Existing grade is below flood zone and will require additional site fill material
  - Proposed location will require that the dog park be relocated

## SHELTER COVE SITE

- o Pros
  - Land is owned by the Town
  - Near future development where tourism will be encouraged
  - Construction activities will not interrupt any other site activities
  - Site provides more flexible design options
  - Area for larger splash pad is available
  - Additional overflow parking available on adjacent property
  - Site is easily accessible by connection to William Hilton Parkway
  - Site will be a part of the Town's linear park on Broad Creek
- Cons
  - Dual locations will mean additional staffing and operating costs
  - Existing grade is below flood zone and will require significant site fill material
  - Prime marsh/water site and may be better used by other passive activities
  - Site will require additional cost for infrastructure

5.4.ANCILLARY FEATURES OF THE CHAPLIN SITE GRAPHICS



SITE LEGEND



FEATURES TO BE RELOCATED / EXPANDED



ANCILLARY FEATURES

# 6.0 CAPITAL & OPERATING COSTS

## 6.1 CAPITAL COST SUMMARY OF STANDALONE AQUATICS CENTER PER SPACE Revised July 20, 2012

Abbreviations used are represented as follows:

SF = Square Foot

EPC = Estimate of Probable Cost (based on historic data and base costing by USA Swimming for the listed square footage for the associated swimming facility components)

### PROGRAM AREAS & ESTIMATE OF PROBABLE COST

	SF	EPC
<b>Aquatics Center Building Program Areas</b>		
• Entry Lobby	1,900 SF (\$165/SF)	\$313,500.00
• (4) Offices / Reception Area	800 SF (\$170/SF)	\$136,000.00
• Classroom	520 SF (\$170/SF)	\$88,400.00
• Pool Female Toilet/Locker Area	980 SF (\$220/SF)	\$215,600.00
• Pool Male Toilet/Locker Area	830 SF (\$220/SF)	\$182,600.00
• Pool Deck + Pool Areas	13,930 SF (\$125/SF)	\$1,741,250.00
• Competition Pool (4,920 SF)		\$942,000.00
• Training Pool (2,580 SF)		\$374,000.00
• Spectator Seating Area	2,380 SF (\$165/SF)	\$392,700.00
• Female Toilet	160 SF (\$190/SF)	\$30,400.00
• Male Toilet	110 SF (\$190/SF)	\$20,900.00
• Family Toilet	90 SF (\$190/SF)	\$17,100.00
• Vending Area	100 SF (\$165/SF)	\$16,500.00
• Laundry	110 SF (\$140/SF)	\$15,400.00
• Janitor Rooms	140 SF (\$130/SF)	\$18,200.00
• General Storage	380 SF (\$130/SF)	\$49,400.00
• Circulation	920 SF (\$160/SF)	\$147,200.00
• Pool Pump / Equipment Room	440 SF (\$125/SF)	\$55,000.00
• Mechanical Mezzanine	820 SF (\$90/SF)	\$73,800.00
• Sprinkler Riser Room	40 SF (\$100/SF)	\$4,000.00
• Miscellaneous Areas / Wall Thickness	1,250 SF (\$110/SF)	\$137,500.00
Aquatics Center Building	25,900 SF	\$4,971,450.00
10 % Estimate Contingency		\$497,145.00
<b>Total - Aquatics Center Building</b>		<b>\$5,468,595.00</b>

**Splash Pool Program Areas**

• Toilet Facilities and Concession Area	1,020 SF (\$160/SF)	\$163,200.00
• Trellis Structure	1,760 SF ( \$30/SF)	\$52,800.00
• (7) Shade Shelters	7 x \$7,800.00 Each	\$54,600.00
• Landscaping Allowance		\$92,000.00
• Security Fencing Allowance		\$48,000.00
• Splash Pool / Water Features	4,200 SF	\$720,000.00
• Splash Deck Area	28,000 SF ( \$12/SF)	\$336,000.00

Splash Pool Area **\$1,466,600.00**

10 % Estimate Contingency **\$146,660.00**

**Total – Splash Pool Area \$1,613,260.00**

**PROGRAM AREAS & ESTIMATE OF PROBABLE COST**

	Quantity	EPC
<b>Civil / Site Improvements for Chaplin Park Site</b>		
• Clearing and Grubbing (Wooded Area)	3.5 Acres (\$15,000/AC)	\$52,500.00
• Clearing and Grubbing (Previously Developed)	1.5 Acres (\$5,000/AC)	\$7,500.00
• Signed & Sealed As-Built Survey	1	\$6,800.00
• Tree Removal	25 Trees (\$500/Tree)	\$12,500.00
• Tree Protection	1,700 LF (\$2/LF)	\$3,400.00
• Construction of Building Pad	1	\$15,200.00
• Building Fill Material	900 CY (\$12/CY)	\$10,800.00
• Finish Grading	1	\$5,800.00
• Silt Fencing (Installed & Maintained)	1,600 LF (\$4/LF)	\$6,400.00
• Sediment Control & Drainage Improvements	1	\$80,000.00
• Water & Sewer Connections	1	\$14,000.00
• Parking Lot Asphalt Pavement	7,200 SY (\$30/CY)	\$216,000.00
• Concrete Curb & Gutter - Parking Lot	1,700 LF (\$15/LF)	\$25,500.00
• Pavement Marking	1	\$3,200.00
• Concrete Wheel Stops	160 (\$27/Each)	\$4,320.00
• Concrete Sidewalks & ADA Ramps/Curbs	1,250 SF (\$12/SF)	\$15,000.00
• Landscaping & Irrigation	1	\$22,000.00
<b>Civil / Site Improvements for Chaplin Park Site</b>		<b>\$500,920.00</b>
<b>15 % Estimate Contingency</b>		<b>\$75,140.00</b>
<b>Total – Civil / Site Improvements for Chaplin Park Site**</b>		<b>\$576,060.00</b>

**Civil / Site Improvements for Shelter Cove Site**

• Clearing and Grubbing (Wooded Area)	4.5 Acres (\$15,000/AC)	\$67,500.00
• Clearing and Grubbing (Previously Developed)	1.5 Acres (\$5,000/AC)	\$7,500.00
• Signed & Sealed As-Built Survey	1	\$7,400.00
• Tree Removal	30 Trees (\$500/Tree)	\$15,000.00
• Tree Protection	1,900 LF (\$2/LF)	\$3,800.00
• Construction of Building Pad	1	\$15,200.00
• Building Fill Material	3,200 CY (\$12/CY)	\$38,400.00
• Finish Grading	1	\$8,200.00
• Silt Fencing (Installed & Maintained)	1,800 LF (\$4/LF)	\$7,200.00
• Sediment Control & Drainage Improvements	1	\$96,000.00
• Water & Sewer Connections	1	\$24,000.00
• Parking Lot Asphalt Pavement	10,000 SY (\$30/CY)	\$300,000.00
• Concrete Curb & Gutter - Parking Lot	2,400 LF (\$15/LF)	\$36,000.00
• Pavement Marking	1	\$5,800.00
• Concrete Wheel Stops	200 (\$27/Each)	\$5,400.00
• Concrete Sidewalks & ADA Ramps/Curbs	1,500 SF (\$7/SF)	\$18,000.00
• Landscaping & Irrigation	1	\$36,000.00

Civil / Site Improvements for Shelter Cove Site	\$691,400.00
15 % Estimate Contingency	\$103,710.00
<b>Total – Civil / Site Improvements for Shelter Cove Site**</b>	<b>\$795,110.00</b>

**\*\* Clarifications to Civil / Site Improvements Estimates**

1. Estimate does not include detailed information regarding grading and drainage control for water quality and quantity. At this time it is unknown how these items will be completed. Lump sum numbers have been used as estimates until a more detailed design can be completed. The storm water quality and quantity devices in the estimate assume that above ground detention, bioswales, etc. would be used to treat storm water. If underground detention and/or impervious services are required; this number could be increased by approximately 2 times the amount shown for "Sediment Control & Drainage Improvements".
2. It is assumed that access to the existing fire protection lines is readily available and that no additional fire protection service, such as a fire loop or locating additional fire hydrants on site will be necessary. It would add an additional \$18,000.00 for each fire service line that would be brought in to building.
3. For site lighting it is assumed that the Town will lease light fixtures through Palmetto Electric, so no estimate for site light is included.

### Optional Elements for Consideration

	Quantity	EPC
Relocate Dog Park		
• Clearing and Grubbing (light)	5.0 Acres (\$500/AC)	\$2,500.00
• Signed & Sealed As-Built Survey	1	\$7,400.00
• Tree Removal	0 Trees	\$0.00
• Tree Protection	100 LF (\$2/LF)	\$200.00
• Finish Grading	1	\$1,200.00
• Silt Fencing (Installed & Maintained)	600 LF (\$4/LF)	\$2,400.00
• Water & Sewer Connections	1	\$1,000.00
• Concrete Sidewalks	500 SF (\$7/SF)	\$3,500.00
• Landscaping & Irrigation	1	\$10,000.00
• Enclosure fencing 4' vinyl coated	1	\$30,000.00
<b>Total Site Improvements for Dog Park</b>		<b>\$58,200.00</b>
<b>05 % Estimate Contingency</b>		<b>\$2,910.00</b>
<b>Total – Civil / Site Improvements for Shelter Cove dog park Site**</b>		<b>\$61,110.00</b>

## 6.2 CAPITAL COST SUMMARY COMPARISON REC CENTER SITE TO STANDALONE AQUATICS CENTER

	REC CENTER SITE LOCATION	STANDALONE LOCATION
Aquatic Building	28,066 sq ft * @ \$6,658,750	25,900 sq ft ** @ \$5,374,270
Splash Pad Facility	11,032 sq ft @ \$377,980	28,000 sq ft @ \$1,613,260
Site Work & Parking	Assume 40% of new parking Attributed to pool \$99,700***	For Chaplin site \$568,870
Tennis Court Relocation & Playing Field Replacement	\$84,000 \$474,000++	N.A.
Dog Park Relocation	N.A.	Required for Chaplin site \$61,110
TOTALS	\$7,220,430	\$7,617,510

\* This includes the renovation and covering of the existing rec pool to be operated as a warm water pool as per previous study.

\*\* The renovation/ maintenance upgrade of the existing rec center pool will still need to be done and is not included in this number.

\*\*\* Addition parking only, site work for construction is included in the building cost.

++ Replacement of the playing field with like kind natural field is not included in total as this is optional and was not required.

## 6.3 OPERATING COST SUMMARY COMPARISON REC CENTER SITE TO STANDALONE AQUATICS CENTER

22

	REC CENTER SITE LOCATION***	STANDALONE LOCATION***
Program Revenues	\$ 189,380	\$ 484,730*
Program Expenses	\$(17,000)	\$(25,000)
Payroll/General Administration Expenses	\$(220,278)	\$(664,002)**
Required Governmental Income	\$ 356,300	\$ 204,272

\* This includes pool memberships, private after hour splash park parties, and one day summer league meets not included in the first study all of which, to a lesser degree, could happen in the smaller facility. The majority of the increase is due to the larger site allowing an expanded splash park which could not happen at the rec site.

\*\* Increase payroll adds 2 additional full time and 13 additional seasonal employees. Separate facilities duplicates some of the general expenses

\*\*\* See appendices for details.

Island Recreation Association  
 New Facilities Budget Estimation - Offsite Aquatic Center  
 Summary Page

REVENUES	REC POOL-12 MON	REC POOL-8 MON	AQUATIC CENTER	Rec Pool-12 Mon & Aquatic Center Total	Rec Pool-8 Mon & Aquatic Center Total
Program Revenue	\$ 70,450	\$ 52,838	\$ 414,280	\$ 484,730	\$ 467,118
Government Income	\$ 157,828	\$ 123,246	\$ 46,444	\$ 204,272	\$ 169,690
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUB TOTAL INCOME</b>	<b>\$ 228,278</b>	<b>\$ 176,084</b>	<b>\$ 460,724</b>	<b>\$ 689,002</b>	<b>\$ 636,808</b>
EXPENSES					
Program Expenses	\$ 8,000	\$ 6,000	\$ 17,000	\$ 25,000	\$ 23,000
Payroll & Taxes/Insurance	\$ 140,528	\$ 105,396	\$ 218,024	\$ 358,552	\$ 323,420
General Administration	\$ 79,750	\$ 64,688	\$ 225,700	\$ 305,450	\$ 290,388
<b>SUB TOTAL EXPENSES</b>	<b>\$ 228,278</b>	<b>\$ 176,084</b>	<b>\$ 460,724</b>	<b>\$ 689,002</b>	<b>\$ 636,808</b>
Revenue minus expenses:	\$ -	\$ -	\$ -	\$ -	\$ -

Island Recreation Association  
 New Facilities Budget Estimation - Rec. Center  
 REVENUES

**BUDGET PROPOSAL-REVENUES**

	Rec Center Pool	Rec Pool-8 mon	Aquatic Center
<b>AQUATICS REVENUE</b>			
64401 AQUATICS	\$ 20,600	\$15,450	\$ 15,000
64402 REC SWIM	\$ 9,400	\$7,050	\$ 13,630
64403 SWIM TEAM	\$ 15,450	\$11,588	\$ 20,000
64407 SWIM LESSONS	\$ 25,000	\$18,750	\$ 28,250
NEW SUMMER SWIM LEAGUE MEETS			\$ 12,000
NEW SWIM MEETING AND POOL RENTALS			\$ 16,000
Aquatic Center Memberships			\$ 108,000
NEW SPLASH PARK			\$ 195,000
SPLASH PARK RENTALS			\$ 6,400
<b>TOTAL AQUATICS REVENUE</b>	<b>\$ 70,450</b>	<b>\$52,838</b>	<b>\$ 414,280</b>

Based on Mt. Pleasant actuals & program experiences

30% Increase: 200 in water aerobics & 50 to Masters  
 30% increase: 20 people daily  
 Increase contract increase to \$20k annual  
 30% increase: 300 more kids  
 6 @ \$2000 each  
 host 2 annual overnight swim meets @ \$3500 ea & 30 pool parties @ \$300  
 \$5.00 local and 8.00 vistor = \$6.50  
 after hours

<b>GOVERNMENT INCOME</b>			
64015 TOWN OF HILTON HEAD-MONTHLY	\$ 157,828	\$ 123,246	\$ 46,444
<b>TOTAL GOVERNMENT INCOME</b>	<b>\$ 157,828</b>	<b>\$ 123,246</b>	<b>\$ 46,444</b>

Town Funding Balance

<b>REC CENTER OTHER INCOME</b>			
64017 BEAUFORT COUNTY POOL	\$ -	\$ -	\$ -
<b>TOTAL OTHER INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

County Funding reduced \$0 Baced on budget cuts in FY13

Island Recreation Association  
New Facilities Budget Estimation - Rec. Center  
Expenses

BUDGET PROPOSAL - EXPENSES	Rec Pool	Rec Pool- 8 mon	Aquatic Center	Explanation
<b>AQUATIC PROGRAM</b>				
75401 AQUATICS	\$ 8,000	\$ 6,000	\$ 17,000	instructor payments
<b>TOTAL AQUATIC PROGRAM</b>	<b>\$ 8,000</b>	<b>\$ 6,000</b>	<b>\$ 17,000</b>	
<b>PAYROLL EXPENSE</b>				
76070 AQUATICS DIRECTOR	\$ 33,197	\$ -	\$ -	curret staff member
76072 SEASONAL POOL STAFF	\$ 86,515	\$ 64,886	\$ 115,353	8 staff memebers at Aquatic Center
(NEW) ASSISTANT AQUATICS DIRECTOR	\$ -	\$ -	\$ 26,260	add one full time staff
(NEW) WATER FINTESS INSTRUCTOR	\$ -	\$ -	\$ 26,260	add one full time staff
(NEW) SPLASH PARK STAFF	\$ -	\$ -	\$ 17,280	add five part-time seasonal (120 days) of operations
<b>TOTAL PAYROLL EXPENSE</b>	<b>\$ 119,712</b>	<b>\$ 89,784</b>	<b>\$ 185,153</b>	
<b>PAYROLL TAXES &amp; INS</b>				
76075 PAYROLL TAXES	\$ 9,924	\$ 7,443	\$ 15,349	increase in staff
76078 WORKMANS COMPENSATION	\$ 1,460	\$ 1,095	\$ 2,259	increase in staff
76079 UNEMPLOYMENT TAXES	\$ 645	\$ 484	\$ 1,463	increase in staff
76080 HEALTH INSURANCE	\$ 8,000	\$ 6,000	\$ 12,000	add two full time staff to policy
76086 LONG TERM DISABILITY INSURANCE	\$ 400	\$ 300	\$ 800	increase in staff
76087 TENURE INCOME	\$ 137	\$ 103	\$ 500	
76088 EMPLOYOR 401K CONTRIBUTIONS	\$ 250	\$ 188	\$ 500	
<b>PAYROLL TAXES &amp; INS</b>	<b>\$ 20,816</b>	<b>\$ 15,612</b>	<b>\$ 32,871</b>	
<b>GEN ADM EXPENSE</b>				
77012 ADVERTISING			\$ 3,000	expanding print ads
77015 COMPUTER SERVICES			\$ 3,500	more staff and upgrades of comp. sys.
77020 DUES & SUBSCRIPTIONS			\$ 2,500	
77022 PROPANE	\$ 30,000	\$ 22,500	\$ 60,000	Doubling size of current facilities
77023 ELECTRICITY	\$ 17,250	\$ 12,938	\$ 45,000	Doubling size of current facilities
77026 GENERAL LIABILITY			\$ 16,500	Program expansion
77028 FIRE ALARM SERVICE			\$ 1,500	
77034 TRASH REMOVAL			\$ 5,000	Adding second pick-up per week
77050 EDUCATIONAL TRAINING			\$ 2,500	
77055 PRINTING-GENERAL			\$ 2,000	Adding rack cards etc to market Splash Park
77056 PRINTING-NEWSLETTERS			\$ 2,000	
77060 POSTAGE & FREIGHT			\$ 900	
77066 REPAIRS-SWIM POOL	\$ 8,000	\$ 10,000	\$ 8,000	Expanding pool size
77075 LEASES-OFFICE EQUIPMENT			\$ 3,500	
77083 DEPRECIATION				
77085 SUPPLIES-OFFICE			\$ 2,500	Expanding Operations
77086 SUPPLIES-SWIM POOL	\$ 17,000	\$ 12,750	\$ 25,000	Expanding pool size
77087 SUPPLIES-GENERAL PURPOSE			\$ 2,000	Expanding Operations
77088 SUPPLIES-JANITORIAL			\$ 5,000	Expanding Operations

Island Recreation Association  
 New Facilities Budget Estimation - Rec. Center  
 Expenses

77090 TELEPHONE				\$	5,500	Increase number of phones and internet use	
77095 WATER & SEWER	\$	7,500	\$	6,500	\$	18,000	Includes Splash Park
78010 HEATING & AC				\$	2,000	Expansion of facilities	
78011 GROUNDS MAINTENANCE				\$	9,800		
<b>TOTAL GEN ADM EXPENSE</b>	<b>\$</b>	<b>79,750</b>	<b>\$</b>	<b>64,688</b>	<b>\$</b>	<b>225,700</b>	

<b>BUDGET-EXPENSES TOTAL</b>	<b>\$</b>	<b>228,278</b>	<b>\$</b>	<b>176,084</b>	<b>\$</b>	<b>460,724</b>	
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Island Recreation Association  
New Facilities Budget Estimation -Aquatic Center  
@ the Recreation Center Site  
Summary Page

<b>REVENUES</b>		<b>AQUATIC CENTER</b>
Program Revenue	\$	189,380
Government Income	\$	356,300
Other Income	\$	-
<b>SUB TOTAL INCOME</b>	<b>\$</b>	<b>545,680</b>

<b>EXPENSES</b>		
Program Expenses	\$	17,000
Payroll & Taxes/Insurance	\$	281,480
General Administration	\$	247,200
<b>SUB TOTAL EXPENSES</b>	<b>\$</b>	<b>545,680</b>

<b>Revenue minus expenses:</b>	<b>\$</b>	<b>-</b>
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Island Recreation Association  
 New Facilities Budget Estimation - Rec. Center  
 REVENUES

**BUDGET PROPOSAL-REVENUES**

**Aquatic Center**

AQUATICS REVENUE		
64401 AQUATICS	\$ 30,000	increase in classes and master programs
64402 REC SWIM	\$ 13,630	Increase in usage (daily)
64403 SWIM TEAM	\$ 20,000	Increase in usage
64407 SWIM LESSONS	\$ 31,250	increase in year round program
NEW SWIM MEET& POOL RENTALS	\$ 22,500	hosting 3 annual swim meets, rentals, and pool parties.
NEW SUMMER LEAGUE SWIM MEETS		no hosting 6 annual 1 day meets considered in this study
Aquatic Center Memberships	\$ -	no membership considered in this study
NEW SPLASH PARK	\$ 72,000	120 days of operations \$6.50-92 children per day
SPLASH PARK RENTALS	\$ -	no private parties at \$800 per party
<b>TOTAL AQUATICS REVENUE</b>	<b>\$ 189,380</b>	

**GOVERNMENT INCOME**

64015 TOWN OF HILTON HEAD ANNUAL	\$ 356,300	Town Funding
<b>TOTAL GOVERNMENT INCOME</b>	<b>\$ 356,300</b>	

**REC CENTER OTHER INCOME**

64017 BEAUFORT COUNTY POOL	\$ -	County Funding reduced \$0 Based on budget cuts in FY13
<b>TOTAL OTHER INCOME</b>	<b>\$ -</b>	

Island Recreation Association  
New Facilities Budget Estimation - Rec. Center  
Expenses

BUDGET PROPOSAL - EXPENSES	Aquatic Center	Explanation
<b>AQUATIC PROGRAM</b>		
75401 AQUATICS	\$ 17,000	instructor payments
<b>TOTAL AQUATIC PROGRAM</b>	<b>\$ 17,000</b>	
<b>PAYROLL EXPENSE</b>		
76070 AQUATICS DIRECTOR	\$ 33,179	
76072 SEASONAL POOL STAFF	\$ 166,745	add six part-time seasonal staff
(NEW) ASSISTANT AQUATICS DIRECTOR	\$ 26,260	add one full time staff
(NEW) SPLASH PARK STAFF	\$ 17,280	add five part-time seasonal (120 days) of operations
<b>TOTAL PAYROLL EXPENSE</b>	<b>\$ 243,464</b>	
<b>PAYROLL TAXES &amp; INS</b>		
76075 PAYROLL TAXES	\$ 20,183	increase in staff
76078 WORKMANS COMPENSATION	\$ 2,970	increase in staff
76079 UNEMPLOYMENT TAXES	\$ 1,463	increase in staff
76080 HEALTH INSURANCE	\$ 12,000	add two full time staff to policy
76086 LONG TERM DISABILITY INSURANCE	\$ 600	increase in staff
76087 TENURE INCOME	\$ 400	
76088 EMPLOYOR 401K CONTRIBUTIONS	\$ 400	
<b>PAYROLL TAXES &amp; INS</b>	<b>\$ 38,016</b>	
<b>GEN ADM EXPENSE</b>		
77012 ADVERTISING	\$ 2,500	expanding print ads
77015 COMPUTER SERVICES	\$ 500	more staff and upgrades of comp. sys.
77020 DUES & SUBSCRIPTIONS	\$ 2,500	
77022 PROPANE	\$ 80,000	
77023 ELECTRICITY	\$ 47,000	
77026 GENERAL LIABILITY	\$ 14,500	Program expansion
77028 FIRE ALARM SERVICE	\$ 500	
77034 TRASH REMOVAL	\$ 5,000	Adding second pick-up per week
77050 EDUCATIONAL TRAINING	\$ 2,500	
77055 PRINTING-GENERAL	\$ 2,000	Adding rack cards etc to market Splash Park
77056 PRINTING-NEWSLETTERS	\$ -	no additional if at same location
77060 POSTAGE & FREIGHT	\$ 900	expanded mailings
77066 REPAIRS-SWIM POOL	\$ 16,000	Expanding pool size
77075 LEASES-OFFICE EQUIPMENT	\$ 1,500	
77083 DEPRECIATION		
77085 SUPPLIES-OFFICE	\$ 1,500	Expanding Operations
77086 SUPPLIES-SWIM POOL	\$ 37,000	Expanding pool size
77087 SUPPLIES-GENERAL PURPOSE	\$ 2,000	Expanding Operations
77088 SUPPLIES-JANITORIAL	\$ 2,500	Expanding Operations

Island Recreation Association  
New Facilities Budget Estimation - Rec. Center  
Expenses

77090 TELEPHONE	\$	1,500	
77095 WATER & SEWER	\$	15,000	Includes Splash Park, Pools and new Center
78010 HEATING & AC	\$	2,500	Expansion of facilities
78011 GROUNDS MAINTENANCE	\$	9,800	
<b>TOTAL GEN ADM EXPENSE</b>	<b>\$</b>	<b>247,200</b>	

<b>BUDGET-EXPENSES TOTAL</b>	<b>\$</b>	<b>545,680</b>
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## **MEMORANDUM**

**TO:** Town Council

**FROM:** Stephen G. Riley, ICMA-CM, Town Manager

**VIA:** Susan M. Simmons, CPA, Director of Finance

**DATE:** October 24, 2012

**RE:** **First Reading of Proposed Ordinance No. 2012-37**

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### **Recommendation:**

Staff recommends Council approve first reading of Proposed Ordinance No. 2012-37 amending the Town's business and professional licenses in Town Code Section 10-1-190, *Classification rates, schedules* as it relates to business licenses for insurance companies and non-admitted insurance brokers. This change is necessary due to changes in state legislation supported by towns and cities because of a recent change in federal law, namely the Dodd-Frank Act. These changes ensure the viability of this revenue source to the Town at the current rate.

### **Summary:**

The Dodd-Frank Act includes a provision, The Non-Admitted and Reinsurance Reform Act of 2010, which states that the "placement of non-admitted insurance is subject to the statutory and regulatory requirements solely of the insured's home state." It goes further to state only the "home state" may require payment for non-admitted insurance.

The State in response to the federal changes passed legislation that designates a single tax rate of 6 percent for the broker's premium tax. In doing so, the State fully complies with federal regulations while preserving the designations and collection of a 4 percent state tax and a 2 percent municipal broker's premium tax. (A municipality may not impose any additional license fee or tax based upon a percentage of the premium.)

The new state law requires the South Carolina Department of Insurance (SCDoI) to collect the brokers' premium tax and deposit these revenues in a separate fund. It further authorizes the Municipal Association of South Carolina (MASC) to receive the funds and distribute them to the municipalities. The SCDoI is required to provide a full accounting to the MASC to include the location of the risk covered by the insurance. This will allow the MASC to distribute the taxes to the proper local governments.

**Background:**

The current Town Code establishes that the business licenses for certain industries will be collected by the MASC through a statewide collection program. The proposed ordinance will update the Town Code as needed to address the federal and state law changes. In addition to the ordinance change, the Town Manager will execute corresponding changes in the agreement with MASC to collect and distribute these Town business license revenues. There is no change in the cost structure with the MASC collection and distribution program.

**AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND**

**ORDINANCE NO.**

**PROPOSED ORDINANCE NO. 2012-37**

**AN ORDINANCE TO AMEND CHAPTER 1 (BUSINESS AND PROFESSIONAL LICENSING) OF TITLE 10 (BUSINESS AND PROFESSIONAL LICENSING; FRANCHISING AND REGULATIONS) OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA BY AMENDING SECTION 10-1-190 CLASSIFICATION RATES, SCHEDULES; AND PROVIDE FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, the South Carolina General Assembly, in order to ensure consistency with the federal Non-admitted and Reinsurance Reform Act of 2010 ("NRRA"), ratified an act (Rat # 283) on June 28, 2012, amending S. C. Code §§ 38-7-160 and 38-45-10 through 38-45-195; and

**WHEREAS**, the act establishes a blended broker's premium tax rate of 6 percent comprised of a 4 percent state broker's premium tax and a 2 percent municipal broker's premium tax; and

**WHEREAS**, the act states a municipality may not impose on brokers of non-admitted insurance in South Carolina an additional license fee or tax based upon a percentage of premiums; and

**WHEREAS**, the act authorizes the Municipal Association of South Carolina to act as the municipal agent for purposes of distributing to municipalities the municipal brokers tax collected by the South Carolina Department of Insurance; and

**WHEREAS**, it is necessary to amend the Business License Ordinance to conform to the State law as amended;

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS ORDAINED BY THE AUTHORITY OF THE SAID TOWN COUNCIL:**

**NOTE: Underlined and bold-faced typed portions indicate additions to the Municipal Code. ~~Stricken~~ portions indicate deletions to the Municipal Code.**

**Section 1 Amendment.** That Title 10 (BUSINESS AND PROFESSIONAL LICENSING; FRANCHISING AND REGULATIONS) is hereby amended for insurance companies as follows:

Section 10-1-190. Classification rates, schedules.

SIC

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Insurance Companies:

~~Except as to fire insurance, "gross premiums" means gross premiums collected (1) on policies on property or risks located in the town, and (2) on policies, wherever the insured property or risk is located, that are sold,~~

~~solicited, negotiated, taken, transmitted, received, delivered, applied for, produced or serviced by the insurance company's office located in the town or by the insurance company's employee doing business within the town or by the office of the insurance company's licensed or appointed producer (agent) located in the town or by the insurance company's licensed or appointed producer (agent) doing business within the town. As to fire insurance, "gross premiums" means gross premiums (1) collected in the town, and/or (2) realized from risks located within the limited of the town.~~

~~Gross premiums shall include new and renewal business without deductions for any dividend, credit, return premiums, or deposit.~~

~~Solicitation for insurance, receiving or transmitting an application or policy, examination of a risk, collection or transmitting of a premium, adjusting a claim, delivering a benefit, or doing any act in connection with a policy or claim shall constitute doing business within the town whether or not an office is maintained therein. A premium collected on property or a risk located within the town shall be deemed to have been collected within the town. Declining rates shall not apply.~~

**Except as to fire insurance, "gross premiums" means gross premiums written for policies for property or a risk located within the municipality. In addition, "gross premiums" shall include premiums written for policies that are sold, solicited, negotiated, taken, transmitted, received, delivered, applied for, produced or serviced by (1) the insurance company's office located in the municipality, (2) the insurance company's employee conducting business within the municipality, or (3) the office of the insurance company's licensed or appointed producer (agent) conducting business within the municipality, regardless of where the property or risk is located, provided no tax has been paid to another municipality in which the property or risk is located based on the same premium.**

**Solicitation for insurance, receiving or transmitting an application or policy, examination of a risk, collection or transmitting of a premium, adjusting a claim, delivering a benefit, or doing any act in connection with a policy or claim shall constitute conducting business within the municipality, regardless of whether or not an office is maintained in the municipality.**

**As to fire insurance, "gross premiums" means gross premiums (1) collected in the municipality, and/or (2) realized from risks located within the limits of the municipality.**

**Gross premiums shall include all business conducted in the prior calendar year.**

**Gross premiums shall include new and renewal business without deductions for any dividend, credit, return premiums or deposit.**

**Declining rates shall not apply.**

		<u>Rates</u>
631-632	Life, Health and Accident	0.75% of Gross Premiums
633-635	Fire and Casualty	2% of Gross Premiums
636	Title Insurance	2% of Gross Premiums
<del>6411</del>	<del>Brokers for fire and casualty insurers—Nonadmitted: As to brokers for non-admitted fire and casualty insurers, "gross premiums" means gross premiums collected by or for fire and casualty insurers not licensed in South Carolina (1) on policies on property or risks located in the town and/or (2) on policies, wherever the insured property or risk is located, that are sold, solicited, negotiated, taken, transmitted, received, delivered, applied for, produced or serviced by a broker located in or doing business within the town. Brokers shall provide, with their payment of the tax, a copy of the report required by the state department of insurance showing the locations of the property or risks insured.</del>	<del>2% of Gross Premiums</del>
	<del>(Premiums for non-admitted businesses are not included in broker's gross commissions for other businesses. Declining rates shall not apply.)</del>	

Notwithstanding any other provision of this ordinance, license taxes for insurance companies ~~and brokers for non-admitted fire and casualty insurers~~ shall be payable on or before May 31 in each year without penalty. The penalty for delinquent payments shall be five (5) percent of the tax due per month, or portion thereof, after the due date until paid.

Any exemptions in the business license ordinance for income from business in interstate commerce are hereby repealed. Gross income from interstate commerce shall be included in the gross income for every business subject to a business license tax.

~~The agreement with the Municipal Association of South Carolina, pursuant to S.C. Code § 5-7-300, for collection of current and delinquent license taxes from insurance companies and brokers for non-admitted fire and casualty insurers shall continue in effect.~~ **Pursuant to S.C. Code Ann. §§ 38-45-10 and 38-45-60, the Municipal Association of South Carolina is designated the municipal agent for purposes of administration of the municipal broker's premium tax. The agreement with the Association for administration and collection of current and delinquent license taxes from insurance companies as authorized by S.C. Code § 5-7-300 and administration of the municipal broker's premium tax is approved, and the Town Manager is authorized to execute it.**

**ORDINANCE NO.**

**PROPOSED ORDINANCE NO. 2012-37**

**Section 2 Severability.** If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

**Section 3 Effective Date.** This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island on this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2012.**

\_\_\_\_\_  
**Drew A. Laughlin, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Vicki Pfannenschmidt, Town Clerk**

**First Reading:** \_\_\_\_\_

**Second Reading:** \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Gregory M. Alford, Town Attorney**

**Introduced by Council Member:**

\_\_\_\_\_

## MEMORANDUM

**TO:** Town Council  
**FROM:** Stephen G. Riley, Town Manager  
**DATE:** November 5, 2012  
**RE:** **Arts Center Request for Early Release of ATAX Funds**

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### **Recommendation**

That Town Council authorize the immediate release of the ATAX funds in the amount \$346,678, previously awarded to the Arts Center of Coastal Carolina for their use in calendar year 2013; and simultaneously direct the Town Manager to develop an RFP for a review of the performing arts on the Island, and to work with the Arts Center Staff and Board to identify additional budgetary savings in the current fiscal year and beyond.

### **Summary**

Approval of this recommendation would result in three actions to be taken by Staff:

- The immediate release of the ATAX funds in the amount of \$346,678 which had been awarded in February of 2012 for use by the Arts Center of Coastal Carolina in calendar year 2013. These funds would assist with a cash flow issue facing the Center but would still be required to be used for qualifying expenses and necessary documentation will be required before the end of the grant cycle as with any applicant.
- Develop a draft Request for Proposals (RFP), to be approved by Council, to secure a consultant or consultants to assist with a review of the performing arts on Hilton Head Island. The review should include, among other items: an assessment of the existing Arts Center Building and opportunities for its continued use and operation and any needed modifications; an assessment of the Arts Center operations; an assessment of other performing arts organizations that receive public support; opportunities for better coordination and cooperation with the various performing arts organizations; the facilities needs of the performing arts organizations on the Island; and development of a plan for a sustainable performing arts presence on Hilton Head Island.
- Work with the Arts Center Staff and Board to identify opportunities for further budgetary savings in the current fiscal year and beyond.

### **Background**

The Arts Center appeared before Town Council at a Special Meeting on October 31<sup>st</sup> and outlined mounting financial difficulties associated with maintenance of the existing 45,000 SF facility. Council members noted the financial struggles of other performing arts organizations and previous comments regarding the need for better coordination and cooperation. The general consensus seemed to be that releasing the ATAX funds as requested was but a short-term measure and that the bigger picture issues need to be examined and addressed.

October 24, 2012

Mayor Drew Laughlin  
Town Of Hilton Head Island  
One Town Center Court  
Hilton Head Island, SC 29928

Subject: Arts Center of Coastal Carolina

Dear Mayor Laughlin,

Due to a cash drain, as a result of the accumulated outlay required to maintain the 45,000 sf Arts Center of Coastal Carolina facility and grounds, the Arts Center would like to ask that its 2013 Accommodation Tax grant be released at this time.

To that end, we respectfully request to appear on the October 31, 2012 Town Council meeting agenda, so that we can explain the financial demands of the maintenance and capital improvements necessary for the Arts Center to remain a strong community asset.

This cash flow relief, with the advance of ATAX funds, is an interim step toward a much needed bigger picture discussion regarding a solution to the long term maintenance of the Arts Center building and grounds.

Thank you for your consideration of this request.

Sincerely,

Kathleen P. Bateson  
President & CEO

Cc: Fred Beard, Chairman, Arts Center Board of Trustees  
Rich Speer, Vice-Chairman, Board of Trustees  
Bob Lee, Treasurer, Board of Trustees  
Jeffrey Reeves, Sr. Vice-President & COO