

TOWN OF HILTON HEAD ISLAND **APPROVED**
Planning & Development Standards Committee
Minutes of Special Follow Up Meeting - Wednesday, October 17, 2011
2:00pm – Benjamin M. Racusin Council Chambers

Committee Members Present: Chairman Bill Ferguson, Bill Harkins and Kim Likins, *Alternate*

Committee Members Absent: Mayor Pro Tem Ken Heitzke

Council Members Present: Mayor Drew Laughlin, Lee Edwards and George Williams

Town Staff Present: Shawn Colin, *Comprehensive Planning Division Manager*
Steve Riley, *Town Manager*
Charles Cousins, *Director of Community Development*
Jill Foster, *Deputy Director of Community Development*
Teri Lewis, *LMO Official*
Kathleen Carlin, *Administrative Assistant*

1) CALL TO ORDER

Chairman Ferguson called the meeting to order at 2:00p.m.

2) FREEDOM OF INFORMATION ACT COMPLIANCE

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

3) APPROVAL OF THE MINUTES

Mr. Harkins made a **motion** to **approve** the minutes of the Special Planning & Development Standards Committee Meeting on September 26, 2011 as presented. Mrs. Likins **seconded** the motion and the motion **passed** with a vote of 3-0-0.

Chairman Ferguson reported that the Planning & Development Standards Committee held a special meeting on September 26, 2011 for the first part of the Economic Development Workshop. Today's committee meeting is a continuation of the September 26th meeting and will cover the Economic Development Strategy for the Town of Hilton Head Island. Chairman Ferguson then requested that Mr. Shawn Colin make his presentation on behalf of staff.

4) NEW BUSINESS

A. Economic Development Strategy for the Town of Hilton Head Island

Mr. Colin stated that on September 26th an Economic Development Workshop was held with representatives from the Lowcountry Economic Alliance and the Cities of Greenville, Myrtle Beach and Rock Hill presenting their thoughts and ideas to the committee and Town Council. The following topics were presented and discussed: (1) The role each organization plays in Economic Development in the areas of marketing, recruiting, incentives, public private partnerships, and financing; (2) The geographic extent of economic development efforts in each jurisdiction; (3) The relationship to roles of the City, County and other area Economic Development organizations; (4) The support each receives from their host municipality; (5) The essential functions of municipal staff; and (6) Advantages of supporting municipal Economic Development programs via an Economic Development Corporation or

Redevelopment Authority. Due to time constraints at the September 26th meeting, the committee decided to schedule an additional meeting to discuss the second part of the Economic Development Workshop agenda.

Mr. Colin stated that the staff will guide the committee and Town Council through a presentation and discussion to outline an Economic Development Strategy to implement for the Town of Hilton Head Island. The discussion will identify areas to focus economic development and redevelopment, including the role Town staff should play to implement an economic development strategy, and the consideration of establishing an Economic Development Corporation or Redevelopment Authority to supplement Town efforts.

The staff recommended that the committee outline an Economic Development approach to implement for the Town based on the information that was provided by the Economic Development experts on September 26th and Town staff during today's Economic Development Workshop.

Mr. Colin provided a brief review of the guest presentations that were made at the September 26th meeting. As part of their presentations, representatives from the Lowcountry Economic Alliance and the Cities of Greenville, Myrtle Beach and Rock Hill made the following recommendations to the Town: (1) create anchors and build on these anchors; (2) use public investment for leverage in economic development; (3) build partnerships; (4) create a sense of place; and (5) be willing to take calculated risks.

Mr. Colin then presented the following questions for group discussion by the staff, the committee and Town Council:

- 1) What does Economic Development mean in the context of Hilton Head Island?
 - Redevelopment of existing commercial areas
 - Creation of new employment centers
 - Development of smaller scale retail
 - Creating activity centers

- 2) What properties should be targeted for Economic Development and/or redevelopment?
 - Existing occupied commercial space
 - Vacant businesses or commercial space
 - Undeveloped commercial properties
 - Non-commercial properties

- 3) Should the scope of Economic Development and/or redevelopment be Town-wide or focused on specific areas?
- 4) What types of assistance should the Town make available?
 - Regulatory: Examples - MID, Graduated Density, TDR's
 - Financial: Examples - Grants, Loans, Infrastructure, Land Assembly/Banking
- 5) What are the roles of Town and role of other economic development partners (Chamber, Lowcountry Economic Alliance, Local Development Corporation)?
 - Marketing
 - Recruitment/Retention
 - Incentives
 - Public Private partnerships
 - Financing
- 6) What roles do property owners, tenants and developers play in creating the strategies?

Background Information: The above referenced discussion points are in response to the following directives that were included in the Policy Agenda for 2011 - Targets for Action by Town Council:

- Top Priority - *Redevelopment Authority/Community Development Corporation: Evaluation and Direction*
- High Priority - *Economic Development Corporation Evaluation.*

Beginning with Item # 1: What does Economic Development mean in the context of Hilton Head Island? The staff, the committee, and Town Council, as a group, discussed the distinction between development and redevelopment. Their initial discussion included the encouragement of public development, capitalizing on assets, and the need to focus on quality rather than quantity.

Mayor Laughlin stated that we need to support the Town's existing economic drivers as well as supporting future economic drivers. Councilman Edwards stated that we should raise the quality of the Island's reputation as a tourist and retirement destination. We may also need to broaden our economic base. We should 'pick a target' for economic development. Councilman Harkins stated that economic development should have a laser focus on net revenue generation. What kinds of businesses do we want to attract to Hilton Head Island?

The staff, the committee and Town Council discussed potential revenue sources for the Island (including medical and research fields). A proactive leadership role will be needed to create new revenue opportunities for the Island. Mrs. Likins stated that we need to look at the community's resources in an effort to attract the kinds of businesses and kinds of individuals that we want to have. Incentives will be needed because younger businesses will not be driven by a retirement community.

The staff, the committee, and Town Council discussed net revenue, including recapturing some lost business, retaining existing business, and additional tourism. We need to be proactive and we need to

define the threshold of economic development. We also need to think about size, scale and location. Mr. Harkins stated that we need to consider risk tolerance as a function of success. From the public's perspective, we need to be conservative and start out slow.

The group then discussed the selection of property to be targeted. Should it be select commercial areas or should it be Island wide? Do we want to focus on redevelopment of existing commercial space? The group discussed the existing 38% vacancy rate in commercial space. Mrs. Likins presented comments regarding the LMO Rewrite Committee's thoughts on redevelopment of Shelter Cove and Coligny. The group discussed the importance of public-private partnerships. They also discussed the need to identify properties that should be targeted.

Councilman Williams expressed concern with supporting new economic development initiatives when the Island is already coping with the 38% commercial vacancy rate. There are a lot of areas that need assistance.

Mayor Laughlin presented statements regarding some of the Island's more obsolete office space. Perhaps we should encourage the retirement of some of the more obsolete office space. The committee and Town Council discussed some of the reasons for the vacancy rate. Mayor Laughlin asked, "What are we are trying to achieve? What is the desired result? The Town's desired result is different from other places located throughout the state. We should separate ourselves from the ordinary. We need to provide memorable experiences for the Island's residents and visitors. We need to maximize the enjoyment of the people who live here and visit here. How do we advance Hilton Head Island as a great place to live and as a great place to visit?"

With regard to the redevelopment of Coligny and Shelter Cove, Mayor Laughlin stated that the two locations have very separate issues and very separate needs. Coligny is working from an economic point of view; Shelter Cove is not working from an economic point of view. The two redevelopment challenges are very different. The group discussed economic development in other commercial areas.

Mr. Williams stated concern with a focus on redevelopment in key commercial areas because it is unfair to the commercial areas that are not included in the redevelopment. How do we balance the fairness issue? Mr. Edwards stated that the entire Island will benefit from the redevelopment efforts. The positives will outweigh the negatives. The group briefly discussed a regulatory approach versus an incentive approach.

Regarding the topic of attracting new business, Mrs. Likins presented statements in support of modern (state of the art) technology on the Island. Mr. Harkins stated that the Island is, and will continue to be, very wedded to the tourism industry. Mayor Laughlin stated that technology will probably never be a major economic driver on the Island. It will not supplant hospitality. Following this discussion, Chairman Ferguson requested comments from the audience.

Mr. Steve Riley, Town Manager, presented statements regarding the 38% commercial vacancy rate and ongoing efforts to simplify the Land Management Ordinance (LMO). Mr. Riley stated that the TIF district is too big. We cannot be all things to all people; we need to be a little more focused. Mr. Riley stated that we need to participate in Multi-County Economic Development and economic development should be in-house. We cannot be passive; we need to make some decisions soon. We need to move forward. Mr. Kumar Viswanathan presented statements regarding the important work

of the Mayor's Task Force. Mr. Viswanathan stated that we need to leverage off of the Island's existing strengths, tourism and residential. Mr. Viswanathan urged the committee to move forward as quickly as possible with the Economic Development Corporation. We have waited a long time. Mr. Jim Collett presented statements regarding the status of improved telecommunications on the Island. Mr. Collett stated that a complete telecommunications report will be provided soon. Planning Commissioner Terry Ennis stated that we need to determine the skill level that is required. It needs to be spelled out in more detail, and we need to start slow. Chet Williams, Esq., presented comments regarding the need for improved telecommunications on the Island.

At the completion of public comments, the staff, the committee, and Town Council discussed accountability, a sense of direction, and funding. The group briefly discussed the size, the function, and the responsibilities of an Economic Development Corporation. The organization should be linked to but not subservient to the Town. It should be small (7-9 people).

Mr. Williams stated that we need more information on this – the concept is fine, but he is unsure of the direction, the role and the responsibilities that are involved. More structure is needed.

Mr. Charles Cousins asked about specific parameters. What does Town Council want to accomplish? How much latitude do we have in accomplishing that? Town Council needs to give specific direction. The group briefly discussed roles, responsibilities, budgeting, and resources. Mayor Laughlin stated that all of these issues should be addressed at Town Council's Workshop in December 2011.

Mayor Laughlin stated that he envisions a body (or corporation) that will have a specific focus and will bring specific talents and expertise to the work. The constraint is that they operate within the policies established by Town Council and the Comprehensive Plan. They would be staffed by Town staff employees, but they would have a specific mission and the people that would ideally form this body (or corporation) will bring specific talents to the table to carry out the mission. What can we do to attract the right kind of economic investment? How do we react to proposals that are brought to us? Do we have a central point with specific focus and abilities within the context of what we are trying to achieve?

Mayor Laughlin stated that the idea that we should be trying to attract investment, and that we should be trying to create conditions that will facilitate that, is a brand new concept. We should have a plan in place to accomplish this – but we do not.

Following final discussion by the committee, Mr. Colin recapped staff's 'take away' from today's discussion. We need to identify some specific sectors that are compatible with Hilton Head Island; and we need to look for ways to market or incent those people to want to be here. Eliminate regulatory barriers.

Mr. Colin presented final comments on economic development, serving three functions:

- 1) management
- 2) single point of contact on economic development – accountability
- 3) clearing house for information

Following final comments by the committee, the meeting was adjourned.

5) ADJOURNMENT

The meeting was adjourned at 3:45pm.

Submitted By:

Approved By:

March 28, 2012

Kathleen Carlin
Administrative Assistant

Bill Ferguson
Chairman