

TOWN OF HILTON HEAD ISLAND PUBLIC FACILITIES COMMITTEE

Date: October 4, 2011

Time: 2:00 P.M.

Members Present: Kim Likins, George Williams, Bill Harkins

Members Absent: None

Staff Present: Steve Riley, Scott Liggett, Jill Foster, Nicole Dixon, Tom Fultz, Marcy Benson, Brian Hulbert, Heather Colin, Susan Simmons, Charles Cousins

Others Present: Drew Laughlin, *Mayor*, Ken Heitzke, Bill Ferguson, Lee Edwards, *Councilmen*, Tom Parker, *Lee & Parker*, Barry Taylor, *FWA Group*, Paul Gibson and Paul Jacobson, *Mission Resources Group*

Media Present: Grant Martin, *The Island Packet*

1. Call to Order.

The meeting was called to order at 2:00 P.M.

2. FOIA Compliance:

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

3. Committee Business:

1. Approval of Minutes:

Councilman Williams moved to approve the Minutes of September 6, 2011. Councilman Harkins seconded. The Minutes of September 6, 2011 were unanimously approved.

2. Approval of Proposed 2012 Meeting Dates

Councilman Williams moved to approve the Proposed 2012 Meeting Dates. Councilman Harkins seconded. The 2012 Meeting Dates were unanimously approved.

4. Unfinished Business: None

5. New Business

Proposed Island Recreation Center/Aquatics Facility Expansion/SHARE Senior Center Relocation – Master Plan Presentation

Nicole Dixon, Senior Planner advised it is staff's recommendation the Public Facilities Committee endorse the findings and recommendations provided in the Master Plan prepared by Lee & Parker Architects, in a joint venture with The FWA Group and Mission Resources Group regarding the proposed Island Recreation Center/Aquatics Facility expansion and SHARE Senior Center relocation, and recommend approval to Town Council.

Mr. Tom Parker of Lee & Parker gave an overview of Phase II of the Island Recreation and SHARE Center Enhancement Expansion and advised the Island Recreation/Aquatic Facility and the SHARE Center have been treated as separate projects.

Recreation Center & Aquatic Facility

1. **Refined the phasing plan using the public and staff comments from our initial feasibility study. Important to this was:**
 - The facilities needed to stay in operation and be safe during the construction
 - That committing to one phase did not commit you to do any of the subsequent phases
2. **Using the refined plan:**
 - Verify LMO compliance including parking counts
 - Established construction times for each phase
 - Using historical data and an aquatic facility consultant developed construction costs per facility and phase including a percentage premium for building to a LEED silver standard
3. **Working with Town Finance and Island Recreation staff updated revenue and cost estimates related to the refined phasing, including:**
 - Alternative capital sources for facility construction

Share Center

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

Mr. Barry Taylor, FWA Group stated the existing facility is about 5.75 acres on a leased property with an agreement between the School District and the Town of Hilton Head Island. The first phase we are calling Phase IA. There is an immediate need by both the school district and the Town for some additional parking that is right up front to the building. We call it IA because there is a limited impact which benefits both the school district and the Rec Center which is adding 60 spaces to that facility.

Phase IB is the biggest impact to the site which would be to relocate two tennis courts. In that place we could add a splash pool area and then build a lap pool area and make modifications to the existing Rec Center. A splash pool area is an outdoor activity that goes anywhere from 2 inches to four feet deep. The main reason for this to be added is a benefit to the Rec Center and would help generate revenues to offset some of the costs for the construction and operations.

Phase II is to complete and add a new gym which will also include meeting spaces and additional parking spaces and relocate the existing basketball courts to the back side of the Rec Center. Another component of the gym in Phase II is to add an elevated running track which would be around the gym.

Phase III would renovate the existing pool.

Paul Gibson of Mission Resources Group thanked the Town's Finance Department for all their help and advised the Committee that the total capital needed to finance the first four Phases is \$12,300,464. We were directed by the Town's staff to look at alternate funding for 10% of the total. We have taken that alternate funding out and looked at financing 90%.which would be \$11,070,417.

Mr. Gibson stated we need utilization to guarantee financial success. To accomplish that we need to look at five different things:

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

Councilman Williams questioned what the return on a \$800,000 splash pool and can we justify spending that much money. Mr. Parker stated it is value added to the opportunities to experience the Rec Center. It brings people to the facility, gives opportunities to kids and you can use it in the summer program.

Mr. Taylor said as far as the SHARE Center goes it is now primarily a social club. The goal here will be to create a facility that people can come and say wow, this is a great facility this community is supporting.

The space outline for a generic lease space is as follows:

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

We went through and priced it out and came up with construction of \$412,144.00, furniture, fixtures and equipment plus contingency of \$124,289.00, for a total cost of approximately \$536,433.00.

The space outline for new on existing land is as follows:

- Minimum land = 1.00-1.25/acre. If expandable = 1.55/acre
- 27 parking spaces as per LMO. Required 1 space per 225 feet gross building area
- 18 additional spaces if required – 45 total

The total cost figured on this scenario is approximately \$1,390,500.

Councilman Williams asked whether they looked at particular pieces of town property for example and asked to be enlightened on some of the ones looked at. Mr. Taylor said there is an obvious location that jumps to the top ahead of almost every other piece. It is on the south end at Crossings Park.

Councilman Harkins stated that given the state of our economy and given the plethora of commercial space that is empty on the Island and given the risk/reward type process, asked if they spent any time of looking at well located opportunities that would have a low entry cost in terms of lease where we could do something like this for five years, watch the concept grow and flourish and then at a later time come back. Why build new while we have so much empty?

Mr. Taylor stated a lot of the product we looked at on the Island that is sitting empty is built in such a way that we have low ceilings and we do not have the ability to create a large open space without an extreme expense. The SHARE Center requires one large open space to do their presentations, have speakers come in and have large gatherings.

Mr. Gibson reviewed why the Town should own the SHARE Center rather than lease:

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

Mr. Gibson stated that utilization is the key to the SHARE Center success.

In summary, Mr. Gibson advised the proposed Recreation Center enhancement/expansion can be achieved on the existing Recreation Center site with some alterations of the existing lease agreement between the Town and Beaufort County School District. The enhancement/expansion can be done in phases to facilitate funding priorities. He also stressed that the Town should own the SHARE Center facility rather than lease it.

Councilman Williams said he didn't disagree with anything that has been presented here today, and advised that the Council and the Community will have to figure out where the money is going to come from, but is very supportive of the project.

Councilman Harkins congratulated the group on their hard work. Conceptually we are interested in this project from a community standpoint. The question now is we are charged with looking at this project within the context of other projects that also have a lot of merit for the Community.

Councilman Harkins moved the Public Facilities Committee carry this project to our colleagues on Town Council and continue the review. Councilman Williams seconded. Councilman Williams stated it is his expectation that we will have an opportunity to discuss this at the Town Council Workshop in early December. Chairman Likins stated this is a great plan and is exciting. We need to do things for the citizens of our Community. We have a lot of other projects out there that we are looking at that will help with redevelopment and hopefully support tourism. I also believe that it will be difficult to fund everything at once, so please do not be disappointed. I am trying really hard to buy into the fact that we need to build this SHARE building and struggle a little bit with feeling the need to see some success in the area first. It tends to want me to support leasing and then if we really see some great success in that area, then moving forward with actually building something. The motion passed unanimously.

6. Adjournment:

Councilman Williams moved to adjourn. Councilman Harkins seconded the motion. The meeting was adjourned at 3:40 p.m.

Respectfully Submitted,

Karen D. Knox
Senior Administrative Assistant

Approved: 11/1/2011