

Hilton Head Island Economic Development Corporation

Minutes of Tuesday, February 24, 2015

Members Present: Steven Carb, Carlton Dallas, John Joseph, Diana McKenzie, Tom Upshaw,
Raymond Wenig

Members Absent: Maryann Bastnagel, Steve Riley

Town Council Attendees: Bill Harkins, Thomas Lennox, John McCann

EDC Staff: Don Kirkman, Mary Ellen Tschupp

1. Call to Order:

Chairman Upshaw called the meeting to order at 9:00 a.m. in the Community Room at Palmetto Electric on Hilton Head Island.

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 the Town of Hilton Head Island requirements.

3. Approval of Minutes from January 27, 2015.

The minutes of January 27, 2015 were approved as presented.

4. Appearance by Citizens. None

5. Presentation: Mr. Phil Minard, Manager, Charleston Export Assistance Center, U.S. Commercial Service International Trade Administration, U.S. Department of Commerce, provided a PowerPoint presentation describing the services available through his office and the U.S. Commercial Service International Trade Administration. His presentation included an overview of numerous export assistance programs that the International Trade Administration offers to U.S. companies to help them export goods and services across the globe. Mr. Minard said that his office is one of three in South Carolina helping South Carolina-based companies export. He mentioned several companies in the lowcountry and HHI that his office has assisted, and he offered his services to help other lowcountry companies that may be interested in exploring export opportunities.

6. Executive Director Report: Mr. Kirkman reviewed his monthly Executive Director Report, copies of which were distributed to members of the HHIEDC Board. He highlighted the February 24 Town Council Workshop on town-owned land and the March 3 presentation he and Chairman Upshaw will be making to the Town Council. He encouraged HHIEDC Board members to attend both events. Mr. Kirkman distributed the list of 2015 policy and management priorities adopted by Town Council on February 17. Mr. Kirkman also reported that the Comprehensive Plan Subcommittee of the Town of Hilton Head Island Planning Commission authorized the HHIEDC to prepare the initial draft of the Economic Development chapter of the 2015 Comprehensive Plan update. Mr. Kirkman noted that assisting the Town in its planning efforts was part of Goal 11 of the HHIEDC Action Plan, and the preparation of the draft Economic Development chapter of the Comprehensive Plan was Action 11.1.1 of the Action Plan. Mr. Kirkman also reminded members of the Board that the HHIEDC would be exhibiting at the Chamber Business Expo on March 5 at the Marriott Resort & Spa.

7. Treasurer Report: Mr. Joseph presented the January financial statement prepared by the Town Finance Department. He reviewed the major expenditures incurred during the month, and he noted that year-to-date expenditures were approximately 31% of the annual budget through 58% of the fiscal year. He stated that the timing of the hiring of HHIEDC staff contributed to the reduced level of overall expenses, and he said that a budget amendment would be presented later on the agenda under new business to reallocate unused personnel budget to provide more resources for operations, including specifically marketing.

8. Unfinished Business:

- a. Hilton Head Island Economic Performance Dashboard.** Mr. Kirkman discussed the updated dashboard that the HHIEDC has developed to help evaluate the performance of the Town of Hilton Head economy over time. Mr. Dallas suggested that staff incorporate state benchmarks where available and appropriate for several data points. Mr. Joseph suggested that the document template be modified to present information in graph and chart format where possible. Ms. McKenzie asked about the time that was required for staff to create and update the tool. Mr. Kirkman said that the creation and population of the initial version had been time consuming, but he said updates would require very little staff time since the data was provided by third parties. He also said that it may be possible for Dr. Salazar to take custody of updating the document annually as part of a possible engagement with the Town. Mr. Kirkman stated that he and Ms. Tschupp would refine the document and present the revised version at the March 24 Board meeting.
- b. HHIEDC Metrics and Evaluation Tool.** Mr. Kirkman reviewed the draft HHIEDC Dashboard that had been previously distributed to Board members. He noted that the proposed tool incorporated 10 categories. The first three (Number of New HHI Businesses, Assessed HHI Valuation, and HHI Employment) were generic performance measures relating to business and investment in the Town that did not directly reflect the activities of the HHIEDC. The remaining 7 categories of information were intended to capture the impact and activities of the HHIEDC. Some (Number of New HHIEDC Businesses, Existing Businesses Assisted, HHIEDC Project Activity) include outcome-based information such as jobs and capital investment created, square footage purchased/leased, number of existing businesses assisted, and overall project activity. The HHIEDC Events and Other Notable HHIEDC Activities and Assistance not Otherwise Captured were activity-based metrics that demonstrated additional value-added services, and the Website category was important to measure the success of the HHIEDC marketing and outreach efforts. Mr. Dallas stated that he thought the proposed HHIEDC performance dashboard was appropriate and helpful, particularly in the formative stages of HHIEDC development and implementing the organization's first Action Plan and Operational Plan. He added that it would likely be necessary to modify the dashboard in a few years to identify additional outcome-based metrics. Other Board members commented that much of the HHIEC's value was in providing information, developing product and raising awareness of the need for economic development through events and activities that did not lend themselves to numeric outcome-based metrics. The consensus of the Board was that the proposed document provided an appropriate balance and was adequate for the period covered by the current 2015-16 Action Plan.

9. New Business:

- a. **Second-Home Owner/Visitor Outreach.** Mr. Kirkman provided a brief introduction to this topic by discussing the strategy that both the HHIEDC Board and staff agreed was critical to HHIEDC success: leveraging connections that people already have with Hilton Head Island. Mr. Kirkman stated that Ms. Bastnagel had suggested that the HHIEDC use funds available in the 2014-15 budget to engage a consultant to develop a plan to identify, reach, and engage second-home owners and others, including timeshare owners and visitors, as part of the HHIEDC marketing and business recruitment program. Several Board members expressed strong support for this initiative, and the Board directed Mr. Kirkman to prepare a Request for Qualifications for approval at the March 24 meeting. The Board emphasized the need for the work to be largely completed before the end of the current fiscal year since the HHIEDC had greater budget capacity to fund the initiative in the current fiscal year. Mr. Kirkman said he would circulate a draft RFQ prior to the March 24 Board meeting for Board input so that the Board would be in a position to approve the RFQ on a fast-track basis.
- b. **2014-15 HHIEDC Budget Amendment and Related Matters.** Mr. Joseph presented a proposed 2014-15 budget amendment for Board consideration. He stated that the primary objective of the amendment was to transfer funds that were not going to be expended for personnel into the operating budget to support programmatic activities, including specifically professional services/marketing and consulting services, including the consulting services for the second home owner/visitor outreach initiative. Mr. Joseph said it was unlikely that the entire operating budget would be expended, but he emphasized that the proposed amendment would provide additional operating flexibility to allow more marketing outreach before the end of the current fiscal year, since the 2015-16 budget would be significantly constrained. After Mr. Joseph reviewed each of the proposed budget changes, Ms. McKenzie moved to adopt the budget amendment, and it was seconded by Mr. Wenig. The motion carried unanimously.

Mr. Kirkman then presented a set of recommendations for marketing expenditures in two publications: *Carolina Living* and *Hilton Head Monthly*. He provided a handout with background information on each opportunity. Mr. Kirkman described how the two outreach and advertising efforts were consistent with several of the goals of the Action Plan. The *Carolina Living* Print and Online Package cost for 12 months (including a one-half page placement in two hard-copy *Carolina Living* Guides) was \$7,600, and the *Hilton Head Monthly* package was for 7 months for a print and digital package including a full page placement in the monthly hard copy presentation for \$9,604. Mr. Kirkman said production costs associated with the two opportunities would be modest. Upon motion by Mr. Dallas, seconded by Mr. Wenig, the Board voted unanimously to support these two marketing/advertising opportunities. Board members urged staff to research other marketing opportunities that could reach the HHIEDC's target audience. Mr. Carb specifically mentioned *Scout* as a publication that HHIEDC should investigate.

- c. **2015-16 Preliminary Budget Adoption.** Mr. Joseph then presented the proposed 2015-16 HHIEDC budget, copies of which had previously been distributed to the Board. Mr. Joseph noted that the personnel components of the budget were prepared by the Town HR staff and reflected assumptions for salaries and benefits that were used for all Town departments. Mr. Joseph stated that the budget was deliberately crafted to keep total expenditures below the 2014-15 budget. He noted that several line items had been recaptioned to better reflect the intended use of funds. Among others, he specifically mentioned that funds formerly reflected in Professional Services and Consulting Services had been moved to a new Marketing line item because the funds were proposed for marketing and outreach activities. Mr. Joseph

reviewed each line item and the rationale for the budget associated with each. Mr. Kirkman noted that he and Ms. Tschupp had reviewed the Action Plan and Operational Plan to ensure that the proposed budget accommodated each proposed expenditure in the two plans. Mr. Kirkman stated that the budget did not include funds for a rebranding effort, and if the Chamber undertook a rebranding that extended beyond hospitality and tourism it would be necessary to identify funds to support the non-tourism components of that initiative. Ms. McKenzie asked if it was possible to include more funds in the Marketing line item, and Mr. Joseph said there was little flexibility if the Board wanted the 2015-16 budget to be less than the current 2014-15 budget. He did say that it would be possible to modify the budget and seek additional funds from Town Council if opportunities presented during the year. Mr. Dallas moved to accept the proposed preliminary budget as submitted, and Mr. Wenig seconded the motion, which was unanimously adopted.

- d. May Board of Directors Meeting Date Change.** Chairman Upshaw noted that the proposed May 26 Board meeting was scheduled for the day following Memorial Day, which presented a scheduling conflict for Mr. Kirkman and several Board members. After discussion, the Board voted unanimously to move the May Board meeting from Tuesday, May 26 to Wednesday, May 20. Ms. Tschupp stated that she would contact Palmetto Electric to confirm the availability of the Community Room that day.

10. Executive Session. The Board voted to go into Executive Session to discuss several economic development projects and to discuss a personnel matter relating to Mr. Kirkman's 6-month probationary employment status. HHIEDC and Town staff members were not present during the Board's discussion. Following the Executive Session, the Board resumed its Open Session and took one additional action. The Board agreed that Mr. Kirkman had met the expectations of the Board during his six months of probationary employment, and upon a motion by Ms. McKenzie seconded by Mr. Dallas, the Board unanimously authorized Chairman Upshaw to execute a letter, copies of which would be distributed to Town Manager Steve Riley and Town HR Director Nancy Gasen, recommending that Mr. Kirkman be taken off probationary status and be deemed a regular, non-probationary employee. The Board directed Mr. Kirkman to share copies of the letter and the document summarizing his accomplishments during his first six months of employment with Mr. Riley and Ms. Gasen.

11. Adjournment. There being no further business, the meeting adjourned at 11.10 a.m.

Respectfully submitted:

Mary Ellen Tschupp
Marketing Coordinator/
Executive Assistant

Approved 3/24/2015
G. Thomas Upshaw, Chairman