Town of Hilton Head Island
FINANCE AND ADMINISTRATION COMMITTEE MEETING
Tuesday, October 17, 2023, 1:00 PM
Minutes

Call to Order

Chairman Brown called the meeting to order at 1:00 PM.

Adoption of the Agenda

David Ames moved to approve the agenda as presented. Tamara Becker seconded. Motion carried 4- 0-0.

Approval of the Minutes- Regular Meeting Minutes of September 19, 2023

David Ames moved to approve. Tamara Becker seconded. Motion carried 4-0-0.

Appearance by Citizens

Melinda Tunner addressed the Committee regarding the lack of current financial statements on the Town portal, referring specifically to the memorandums that are updated on a monthly basis. The last posted results are from June of 2023.

Sandy West addressed the committee regarding her continued support for the Coastal Community Development Corporation (CCDC.) She asked what other options are available for funding the private/ public partnership.

Skip Hoagland addressed the Committee regarding his request that the Hilton Head Island/ Bluffton Chamber of Commerce contract be terminated as the Town's Designated Marketing Organization (DMO.) He continued to request a forensic audit be conducted to understand tax funds issued to the Sea Pines gated community for the dredging of Harbor Town. He asked for clarity about the Greater Island Council (GIC) organization and the members associated with it.

New Business

Consideration of Approval of a Sponsorship Agreement with the Heritage Classic Foundation for the RBC Golf Tournament - Josh Gruber, Deputy Town Manager

Josh Gruber addressed the Committee with a request from Steve Wilmot, President of the Heritage Classic Foundation, for the Town of Hilton Head Island to consider a sponsorship agreement for this year's upcoming 2024 RBC Golf Tournament, presented by Boeing. This sponsorship agreement form has one change from previous years; the financial contribution request increased from $300,000 last year to $500,000 this year. The additional increase request is because this PGA Tour is now considered a Signature Event. Within the agenda packet provided to the Committee, there is a copy of the sponsorship agreement with all the terms, conditions, and justification for the additional requested amount.

Josh Gruber continued to highlight the impact of last year's event on the Island. He also explained some of the differences that would happen with this now being a Signature Event. One factor is the increase in advertising and telecast time. The Town could have the ability to influence the main video message on TV, and the community message through the local announcers. Specific aspects of the Island could be communicated to the broader public outside this area.

Committee members asked questions and made comments regarding details of the increase funding requests to the other sponsors; how was the increase determined and calculated for all sponsors involved; did the increase in cost rise because of inflation or because this is now an elevated Signature Event; questions regarding the impact of the requested $500,000 on Town's budget; where would the Town find the additional funds; is the Town's investment coming back to the community in a leveraged way; and how can the Town market towards the community assets as opposed to the tourist venue?

Chair Brown asked if there were any public comments.

Melinda Tunner addressed the Committee, asking if the Town could negotiate and request extra benefits for the increase in funding.

Skip Hoagland addressed the Committee stating that the use of public funds should be used for a specific purpose and for the benefit of all taxpayers, not just those who enjoy golf.

Chair Brown brought the matter back to the dais. **There was no action to be taken at this meeting. The item will be placed on an upcoming agenda.**

Discussion of Act 57 of the 2023 South Carolina General Assembly Legislation Session, Development of Workforce Housing - Josh Gruber, Deputy Town Manager

Josh Gruber addressed the Committee with information about Act 57 of the 2023 South Carolina General Assembly Legislation Session in relation to the development of Workforce Housing on Hilton Head Island. He began with a detailed presentation about the State and Local Accommodation Taxes, highlighting the terms of the statutory authority, and how the Town applies those taxes.

The State Accommodation Taxes are 7% of the gross proceeds on transient rentals with 2% of that 7% collected transmitted back to the Town. In addition, the State Law allows a local government by ordinance to impose Local Accommodation Taxes, which are not to exceed 3%. The Town took that enabling legislation and adopted two ordinances for the Local Accommodation Tax revenue. The state requires these revenues be distributed in a specific manner within the municipality. Josh Gruber went on to explain the language in the state code in terms of permissible expenditures and what the Town currently spends with this revenue money.

Josh Gruber continued with the presentation to discuss the language added by the adoption of Act 57 regarding the development of Workforce Housing within the municipality. There are specific requirements for the Town if there is consideration of utilizing a portion of the State and Local Accommodations Taxes for Workforce Housing. Some of those procedural steps include the completion of a Housing Impact Analysis; an updated Comprehensive Plan that the Town will need to ratify; communication of both the Housing Impact Analysis and the ratified Comprehensive Plan to the Planning Commission; the solicitation of input on these items from the various stakeholders; adoption of an ordinance incorporating the Housing Impact Analysis into the Comprehensive Plan; and a budget amendment to reallocate those funds with ongoing annual financial reporting and auditing to document how these funds are used. A complete outline would be provided to the Town Council explaining the procedural steps to move forward and utilize those funds.

A few weeks ago, Curtis Coltrane, the Town Attorney, sought the opinion of the Attorney General regarding the following issues concerning: the allowable percentage of revenue that may be used to develop Workforce Housing; if the action is permissible utilizing nonprofit organizations to develop Workforce Housing; if the action is permissible contracting with a for-profit entity to develop Workforce Housing; and if local government identified a lack of Workforce Housing as an impediment to economic growth and the well-being of the community, would making a donation or a grant from the local government's general fund to a nonprofit entity that develops affordable housing meet the public purpose doctrine. Gruber went on to dive into the specifics of each question to the Attorney General and how Town Council, as the local elected body, would have the ability to determine what they believe satisfies the State requirements.

Committee members asked questions and made comments regarding specific wording in Act 57 and whether the ATAX revenue money can be used with or without a home ownership component; is the local government the only entity that can use the ATAX funds for the development of Workforce Housing; can the local government set aside annual budget dollars for Workforce Housing with multiple sources of funding to allocate through a nonprofit or profit organization; is the development of Workforce Housing interpreted as brick and mortar or as part of the process; and does this language allow loans as well as grants.

Chair Brown asked if there were any public comments.

Skip Hoagland addressed the committee asking questions and making comments about whether the Workforce Housing money will come out of the 30% going to the DMO/ Chamber or would the Workforce Housing money come out of the 70% set aside for the Town operating nonprofit organizations. He stated the need to have an accounting of all the money involved.

Melinda Tunner noted the large number of workers who commute onto the Island. She would like the Committee to focus on other solutions, such as transportation, park and ride lots, buses, new roads and bridges to reduce commute time. She also suggested workable incentives to encourage developers to build affordable housing.

Chair Brown concluded by asking further questions to determine the timeline. He requested a briefing on the Attorney General's opinion at the next Finance & Administration meeting.

Adjournment

The meeting was adjourned at 2:02 PM.

Approved: November 14, 2023

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov