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FINAL REPORT
OF THE
SENATE COASTAL TOURISM STUDY COMMITTEE

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Senator, 46th District

Honorable Robert Brown
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Senator, 3rd District

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**Prepared by the
Senate Research Office**

EXECUTIVE SUMMARY

The Senate Coastal Tourism Study Committee was created by Senate Resolution 770 during the 2000 Session of the Georgia General Assembly. The Committee was charged with studying the possibility of providing a beach resort and world-class golf and tennis facilities on Georgia's coast. Additionally, the Committee was urged to undertake a study which would determine if Georgia has sufficient coastal facilities to support convention business and whether there is a move away from Georgia with respect to convention locations. To make these determinations, the Committee held four meetings and heard testimony from the Department of Industry, Trade and Tourism, various meeting planners and hotel experts, and the Jekyll Island State Park Authority. In addition, the Senate Research Office surveyed 67 Georgia associations, asking them what their convention needs are and whether the state currently meets those needs.

The Committee learned that the majority of visitors to Georgia's coast are Georgia residents, followed by residents of neighboring states, and of the northeast United States. According to the Association of Convention and Business Bureaus, however, the potential for attracting international business conventions is increasing. Due to the increase in disposable income over the last decade, the travel industry has shifted its focus to include international convention business planning. The southeastern coast attracts traditional and larger groups, and Georgia's gateways provide significant opportunities which could lead to an increased market share in international convention business. Developing a coastal resort area in Georgia would have an impact on both national and international destination choices.

Almost every meeting or convention business planner has concerns about the same three criteria when choosing a location: convention center space, availability of quality hotel rooms, and availability of necessary amenities for those attending. If a location can meet the needs of conventions of various sizes with respect to these three criteria, it is likely to attract a great deal of convention business. Conversely, if an area fails to meet the needs of conventioners with respect to even one of these criteria, convention planners will likely look elsewhere.

At this time, Georgia does not have a coastal facility that meets the convention center, hotel and amenity demands of business convention planners. As a result, not only is Georgia failing to attract convention business from out-of-state, it is losing convention business from Georgia associations. In October, 2000, the Senate Research Office surveyed 67 Georgia groups and associations, asking if they held conferences or retreats at beach locations, and if so, if they held these meetings inside or outside of the state of Georgia. Of the 46 groups that responded to the survey, 24 stated that they hold their conferences and retreats outside of Georgia. These groups noted that they would prefer to meet in Georgia if appropriate facilities were developed. Among their reasons for holding their conventions outside of Georgia were: lack of quality coastal resorts and hotels, the inability of Georgia's current coastal lodging facilities to accommodate large groups, lack of a suitable exhibition hall/convention center, and lack of family activities and other amenities in Georgia's beach areas.

As Georgia does not have a coastal resort location capable of meeting the needs of conventioners, and as Georgia is consequently losing the convention and tourism business of Georgia associations, it is becoming imperative for the state to acquire such a facility. Funding or otherwise facilitating the development of a resort hotel/convention center on Georgia's coast would bring many of those conventions back to Georgia, as well as increase Georgia's national and international convention markets. Jekyll Island, which is owned by the state and overseen by the Jekyll Island State Park Authority, presents itself as an obvious choice. Jekyll Island has many natural amenities and already offers many family activities, the most famous of which being the Jekyll Island Historic District, home of the Millionaires Club. Further, Jekyll Island already has a sizable convention center. However, the area lacks the quality hotel, capable of housing large groups, which is demanded by conventioners.

The committee recommends that the state conduct a feasibility study to determine the viability of a resort hotel adjacent to the convention center at Jekyll Island. Ultimately, the committee suggests that the state invest in a public-private partnership to construct a resort hotel that will adjoin the convention center. The state could also provide funds to substantially renovate or redevelop existing hotel sites with a new product. Doing so will allow the state to upgrade its own property while drawing both convention business and tourism into Georgia.

I. INTRODUCTION

B. Charge of the Committee

The Senate Coastal Tourism Study Committee was created by Senate Resolution 770 during the 2000 Session of the Georgia General Assembly. The Committee was charged with studying the possibility of providing a beach resort and world-class golf and tennis facilities on Georgia's coast. Additionally, the Committee was urged to undertake a study which would determine if Georgia has sufficient coastal facilities to support convention business and whether there is a move away from Georgia with respect to convention locations.

The resolution provided that the Lieutenant Governor appoint the Committee's Chairman and members. The Lieutenant Governor appointed Senator Jack Hill as the Chairman. Other Senators appointed to serve on the committee are Senator Paul C. Broun, Senator Robert Brown, Senator Don Cheeks and Senator Rene D. Kemp. The legislative staff members assigned to the Committee include: Denese Kurtz, legislative assistant to Senator Jack Hill; Gwin Copeland of the Senate Research Office; and Terry McKenzie of the Office of Legislative Counsel.

The Committee held four public meetings on the following dates: November 13, 2000, in Atlanta, Georgia; November 20, 2000, in Jekyll Island, Georgia; November 21, 2000, in Jekyll Island, Georgia; and December 18, 2000 in Atlanta, Georgia. The committee heard testimony from the Georgia Department of Industry, Trade and Tourism and from various convention planners. Additionally, the committee, aided by the Senate Research Office, surveyed Georgia associations to learn what their convention needs are and whether those needs are met by current facilities in Georgia. Finally, the committee heard testimony from the Jekyll Island State Park Authority regarding the possibility of constructing a hotel convention center on Jekyll Island.

B. Background: The Georgia Coastline's Potential as a Tourist and Convention Attraction

Tourism in Georgia is a \$16.1 billion dollar industry, supplemented by the state with an over-all budget of \$4.9 million for Fiscal Year 2000. The Georgia Department of Industry, Trade and Tourism (GDITT) focuses on marketing the "Georgia Experience," by packaging events such as bus tours and conventions. Further, GDITT has noticed a new emphasis on eco-tourism and heritage as reasons to travel. Georgia's coastal region is attractive to visitors for these and other reasons, including amenities such as golf and tennis.

Georgia's coastal region consists of 100 miles of Atlantic coastline containing white sand beaches, barrier islands, and historic sites, such as the prerevolutionary Fort Frederica and the Jekyll Island Historic District. Georgia has 13 major barrier islands with approximately 90 miles of ocean-facing sand beaches. Four of these barrier islands, Tybee Island, St. Simons Island, Sea Island, and Jekyll Island, are accessible from the mainland by causeways. These islands contain 19 miles of beaches. The remaining nine barrier islands remain, for the most part, undeveloped and in their natural states.

The meetings and conventions planning business is one of the strongest markets in Georgia.¹ According to the Professional Conference Management Association, while the South Atlantic region is unable to address the convention business demand, due to a lack of facilities, the area still holds a 19 percent market share. However, convention business in Georgia has not grown at the same rate as it has in neighboring states, such as Florida and South Carolina. Both of these states have widely popular beach resorts, such as Amelia Island and Hilton Head, which attract a great deal of convention business. Building a coastal resort facility would not only strengthen and increase Georgia's hold on this market share, it would also provide an opportunity to enhance the coastal region's entire economic base. Specifically, if Georgia includes a resort facility among its other coastal facilities, the area surrounding the resort will upgrade. As a result, the amount of tourism and convention business in the area will increase, leading to job growth and economic expansion.

The majority of visitors to Georgia's coast are Georgia residents, followed by residents of neighboring states, and of the northeast United States. According to the Association of Convention and Business Bureaus, however, the potential for attracting international business conventions is increasing.² Due to the increase in disposable income over the last decade, the travel industry has shifted its focus to include international convention business planning. The southeastern coast attracts groups of all sizes, and Georgia's gateways provide significant opportunities which could lead to an increased market share in international convention business. Developing a coastal resort area in Georgia would have an impact on both national and international destination choices.

II. THE CURRENT SITUATION IN GEORGIA WITH RESPECT TO CONVENTION BUSINESS

A. Testimony: Major Problem Areas with Current Facilities and What Improvements are Necessary to Attract Convention Business to Georgia's Coastal Locations

1. Business Convention Needs

Almost every meeting or convention business planner has concerns about the same three criteria when choosing a location: convention center space, availability of quality hotel rooms, and availability of necessary amenities for those attending. If a location can meet the needs of conventions of various sizes with respect to these three criteria, it is likely to attract a great deal of convention business. Conversely, if an area fails to meet the needs of conventioners with respect to even one of these criteria, convention

¹According to *The Conference Center Concept*, a report provided by PKF Consulting, corporate meetings grew at an annual rate of 1.1% from 1985 through 1998. Association meetings increased by a smaller annual rate of 1.0% for the same period.

² Presentation by Ms. Connie Neeley, Deputy Commissioner of Tourism for the Georgia Department of Industry, Trade and Tourism, November 13, 2000.

planners will look elsewhere.

The amount of convention space required depends on the number of booths anticipated and the size of the group attending the convention. As a general rule, each booth calls for a 10-foot-by-10-foot area.³ Aisle space, including space for additional tables and chairs doubles the amount of space needed. For instance, a convention with 50 booths, each of which calls for 200 square feet of space, requires approximately 10,000 square feet for comfortable operation. Only 15 percent of all groups in the United States consist of more than 50 people.⁴ However, at least 40 percent of the groups that meet at the coast consist of more than 50 people. As a result, coastal facilities must be able to address the needs of convention groups of various sizes. The needs of one group will not necessarily match the needs of another group.⁵ Further, associations sometimes prefer buildings that can accommodate both their exhibition and social needs at the same time. They prefer to use one part of a facility for business purposes and another part for dining and other social purposes. Groups wishing to use a facility in this way require at least double the amount of space they would need for an exhibition.

Convention planners are very particular when selecting hotels for their conventions. Most groups are accustomed to staying in quality hotels, ranging in cost from \$80-150, depending on the income level of the attendees. Further, most attendees prefer to stay in modern facilities, rather than facilities built 20 to 30 years ago which have been refurbished. The layout of hotel rooms has changed since the 1960s, and most visitors are accustomed to larger bathrooms and closet space provided by modern facilities. As with convention centers, the size requirement for hotels depends on the size of the group. Groups often prefer to stay in one large hotel facility⁶ with an adjoining conference center for both business and social activities. Not only is this combination easier on the guests, it allows the convention planners to pay a single bill rather than paying for the facilities separately.

Convention attendees have grown to expect certain amenities in the general location of their conventions. For instance, quality golf is a must.⁷ However, golf alone is no longer enough to satisfy convention attendees. Convention planners cite a growing trend among convention attendees to use conventions as

³ Presentation by Ms. Norma Driebe, Chair of the Government Relations Committee of the Georgia Chapter of Meeting Professionals International, November 13, 2000.

⁴ Presentation by Mr. Mark Woodworth, Executive Managing Director of the Hospitality Research Group, the research affiliate of PKF Consulting, November 13, 2000.

⁵ According to *The Conference Center Concept*, a report provided by PKF Consulting, educational seminars and professional/technical meetings comprise 55% of all meetings. These types of meetings average between 100 and 106 attendees and have an average length of stay of 1.9 to 2.2 days.

⁶ For example, the Georgia Food Industry Association (GFIA) annual convention had almost 1000 attendees in 2000. GFIA prefers to stay in locations where one facility has at least 350 rooms and other properties are close by. The group looks for rooms in the \$100-130 range.

⁷ Presentation by Ms. Norma Driebe, Chair of the Government Relations Committee of the Georgia Chapter of Meeting Professionals International, November 13, 2000.

a base for their annual family vacations .⁸ As a result, it is important to these attendees that conventions are held in areas offering amenities that their families will enjoy. Other preferred amenities include such facilities as miniature golf parks, tennis courts, and water parks.⁹ For many of Georgia's associations, the beach is a necessary amenity for convention locations.¹⁰

2. Testimony: Current Problems and Deterrents to Tourists and Convention Business

At this time, Georgia does not have a coastal facility that meets the convention center, hotel and amenity demands listed above. As a result, not only is Georgia failing to attract convention business from out-of-state, it is losing convention business from Georgia associations. In October, 2000, the Senate Research Office surveyed 67 Georgia groups and associations, asking if they held conferences or retreats at beach locations, and if so, if they held these meetings inside or outside of the state of Georgia. Of the 46 groups that responded to the survey, 24 stated that they hold their conferences and retreats outside of Georgia. These groups noted that they would prefer to meet in Georgia if appropriate facilities were developed. Among their reasons for holding their conventions outside of Georgia were:

1. Lack of quality coastal resorts and hotels;
2. The inability of Georgia's current coastal lodging facilities to accommodate large groups;
3. Lack of a suitable exhibition hall/convention center; and
4. Lack of family activities and other amenities in Georgia's beach areas.¹¹

The most common reason cited by associations who hold their conventions and retreats outside of Georgia is the lack of quality coastal resorts and hotels in Georgia.¹² In fact, all but one group in this category cited this complaint. Groups claim that many of Georgia's coastal facilities are outdated and do not meet today's standards. Some associations have mentioned that a lack of competition in Georgia's coastal areas has fostered low-quality products. Convention attendees simply do not want to stay in poor, run-down, or otherwise lacking accommodations, particularly when they are treating the occasion as a family vacation. Moreover, 12 of these associations claimed that Georgia's coastal facilities, regardless of quality, are not

⁸ Presentation by Ms. Kathy Kuzava, President of the Georgia Food Industry Association, November 21, 2000.

⁹ Senate Research Survey of Georgia Associations, October, 2000.

¹⁰ Senate Research Survey of Georgia Associations, October, 2000. Some surveyed groups mentioned that their attendees insisted that conventions be held at coastal locations.

¹¹ Seventeen of the groups that responded to the survey do hold their conferences and retreats at Georgia locations but are not completely satisfied with Georgia's current coastal facilities. Like the groups that do hold their meetings out of state, these associations also cited the lack of quality hotels and resorts, as well as a lack of family activities and other amenities as reasons for their dissatisfaction. All of these groups expressed interest in meeting at a coastal resort location in Georgia. Five of the groups that responded to the survey are completely satisfied with Georgia's current coastal facilities.

¹² Lack of quality coastal resorts and hotels was also the main complaint from the 17 groups that hold their conventions in Georgia but are dissatisfied with current facilities.

large enough to accommodate their groups.¹³ Essentially, many of Georgia's larger associations "max-out" Georgia's current coastal facilities. As most groups prefer to stay in hotels that are large enough to hold all attendees, the unavailability of such a facility on Georgia's coast prompts large groups to look out-of-state.

Further, 12 of the groups who hold their meetings and conventions outside of Georgia stated that Georgia's coastal areas do not have an exhibition or convention center that is suitable for their needs. Some of these groups noted that they prefer to stay in a hotel which has an adjoining exhibit hall, and indicated that Georgia does not offer such a facility on its coast. Other groups complained of a lack of space with respect to exhibition halls; they have not found an exhibition or convention facility on Georgia's coast large enough to meet their convention needs. Because of this lack of space, these groups have been forced to leave Georgia in order to find and use facilities that meet their convention center needs.

Finally, lack of amenities was cited by 12 of the groups as a reason for holding their conventions outside of Georgia. While no group complained about poor golf or tennis facilities, many mentioned having little choice among restaurants. Most highlighted that Georgia's coastal areas which might support convention activities have a shortage of family activities. Others cited a lack of quality service as a hindrance to holding meetings in Georgia. Very few of the groups who still hold their meetings and conventions in Georgia expressed dissatisfaction with the amenities. However, those that did pointed to a shortage of restaurants and family activities.

In sum, many groups and associations are holding their conventions and other meetings outside of Georgia; still others continue to visit Georgia's coast but are becoming increasingly dissatisfied. All of these groups have indicated that they would prefer to meet in Georgia, and that if Georgia were to develop a resort hotel/convention center facility, they would definitely be interested in holding their conventions and other meetings at such a location. Most of the groups that hold their conventions and meetings out-of-state travel to resort areas such as Hilton Head, Amelia Island and San Destin. For example, the Georgia Food Industry Association, one of Georgia's larger groups, held its 2000 convention at Amelia Island. The group, which booked 362 rooms on its peak convention night, had a master bill of over \$180,000. In all, the Georgia Food Industry Association convention attendees spent over \$350,000 during their convention stay.

The Georgia Food Industry Association is just one of many Georgia associations that is spending its convention dollars outside of Georgia. While not all conventions will be as large as that of the Georgia Food Industry Association, and therefore will have less expensive master bills, the aggregated monetary loss to the state from losing convention business is significant. Georgia needs a resort facility which is capable of reclaiming lost convention business and retaining convention business that has not yet left the state.

¹³ While the new hotel/convention center in Savannah would probably meet this and other needs, it is too far removed from the beach to accommodate some groups for whom immediate beach access is a necessity. Moreover, at least one group has said that the cost of using its exhibition center is too expensive.

3. Determining a Suitable Location for a Convention Center/Resort Hotel

As Georgia does not have a coastal resort location capable of meeting the needs of conventioners, and as Georgia is consequently losing the convention and tourism business of Georgia associations, it is becoming imperative for the state to acquire such a facility. Funding or otherwise facilitating the development of a resort hotel/convention center on Georgia's coast would bring many of those conventions back to Georgia, as well as increase Georgia's national and international convention markets.

When the study committee evaluated Georgia's coastal islands, Jekyll Island presented itself as the most logical place for promoting mass tourism and convention business. First, Jekyll Island already has many desirable amenities and a recently renovated convention center. Second, Jekyll Island is state-owned and is overseen by the Jekyll Island State Park Authority. It would benefit Georgia to invest in its own property, making it more appealing to convention planners and to potential businesses. The area surrounding the resort hotel/convention center would experience growth, thereby attracting more visitors to the area and increasing the value of the property to the state. By investing in Jekyll Island, possibly through a public-private partnership, and developing a world-class convention center/resort facility, Georgia would ultimately be investing in itself.¹⁴

B. Current Facilities at Jekyll Island

With respect to amenities, Jekyll Island is suited for convention activity. Its historic district,¹⁵ centered around the Jekyll Island Club Hotel, provides an attractive and intriguing backdrop for all activity on the island. In addition to touring the Historic District, island activities include horseback riding, bike riding and walking over the island's 12 miles of nature trails. Families may also enjoy the island's water park, its miniature golf course, four golf courses, tennis courts, and 7.5 miles of coastline. Due to the state's mandate that 65 percent of Jekyll Island remain undeveloped, the island still offers a feeling of solitude, allowing visitors to feel that they are truly on vacation.

Jekyll Island also has a convention center that is capable of housing conventions of various sizes and types. The convention center was renovated in 1997 and totals 55,000 square feet. The center has four main ballrooms, the largest of which covers 15,500 square feet. Two others offer over 14,000 square feet of space. The convention center also has 10 meeting rooms. The Jekyll Island Convention Center is Georgia's only oceanfront convention facility, and has hosted groups with over 1000 members. Despite

¹⁴ Ms. Connie Neeley, Deputy Commissioner of Tourism for the Georgia Department of Industry, Trade and Tourism, stated that the tourism department would "absolutely support" an effort to have Jekyll Island become more of a resort area.

¹⁵ During the late 1800s and early 1900s, Jekyll Island was the home of the Jekyll Island Millionaires Club, members of which included such elite American families as the Goodyears, the Rockefellers, the Pulitzers and the Morgans. The club members purchased the island, built cottages and a clubhouse on it, and used it as their private hunting ground. Twelve of the original cottages are still standing, and much of the original furniture remains on view. The Jekyll Island State Park Authority is in the process of renovating and maintaining the remaining cottages.

this capacity, the center had only a 58.4 percent occupancy rate for Fiscal Year 2000.¹⁶

The components preventing Jekyll Island from attracting more convention business are the island's lack of quality hotels in general, and the further lack of hotels that can host large groups. In essence, the facilities at Jekyll Island, most of which were developed in the 1970s, no longer meet the standards of conventioners.¹⁷ While the Jekyll Island Club Hotel and the Beachview Club would meet most standards with respect to quality, they only have 134 and 38 units, respectively.¹⁸ Neither of these hotels is suited for large convention groups, and both are removed from the convention center. While other hotels on the island have been renovated, most still fall below the quality insisted upon by convention attendees.¹⁹ Further, none of them are capable of housing a large group. The largest hotel on the island, the Jekyll Inn, contains only 264 units.

The study committee members met with members of the Jekyll Island State Park Authority to discuss possibilities for drawing more convention business to the area. Authority members cited the island's lack of a resort hotel as the primary deterrent, not only to attracting new convention business, but to maintaining the convention business it already has. The Authority presented the committee with various letters and comment forms, all of which claimed that while the convention facilities and amenities at Jekyll Island were pleasing, the hotels were generally unsatisfactory.

C. Committee Recommendations

The Senate Coastal Tourism Committee recommends that Georgia invest in a public-private partnership to create a resort facility suitable for convention business on Jekyll Island. The state has much to gain from such an investment. The state has already invested substantially in the convention center itself. Since 1997, Georgia has funded over \$6.5 million dollars in the convention center for major remodeling purposes, such as building a new kitchen, providing new carpeting and sound systems, and providing portable stages, risers, chairs, tables and drapes. With so much care and renovation going into the convention center, it would be logical to provide a hotel facility which would increase convention business in that facility.

The committee's primary recommendation is for the state to conduct a feasibility study regarding the addition of a 250-300 room resort hotel adjacent to the current convention center. A resort hotel in this location would provide convention attendees and planners with an all-in-one modern hotel/convention

¹⁶ Information courtesy of the Jekyll Island State Park Authority.

¹⁷ Information courtesy of the Jekyll Island State Park Authority.

¹⁸ The Jekyll Island Club Hotel is in the process of renovating two "cottages" in the historic district, which will add 23 Units. Incidentally, the Jekyll Island Club Hotel had an occupancy rate of 73.6 percent for FY 2000; the Beachview Club boasted an occupancy rate of 84.8 percent for the same time period.

¹⁹ A recent hotel quality evaluation, conducted by Bare Associates International, gave passing scores to only four of the hotels on Jekyll Island. In addition to the Jekyll Island Club Hotel and the Beachview Club, the Days Inn and Villas by the Sea received passing scores.

facility, large enough to accommodate most attendees. Such a facility would give the Jekyll Island State Park Authority a new product to promote to all guests, and to attract new, and maintain current convention business on the island. In addition, a new resort facility would motivate existing hotels to invest in additional renovations. As the land adjacent to the convention center is already counted as developed, building a hotel on this site would not violate the mandate that Jekyll preserve 65 percent of its land as undeveloped.

Public-private partnerships have already been tested and have succeeded in Georgia. In the early 1990s, Georgia entered into a public-private partnership to develop and maintain Brasstown Valley. The state purchased the land and issued \$23 million in general obligation bonds to fund the project, which was developed and managed by a private company. The Department of Transportation spent \$3.5 million on roads for the area. The project, which is now managed by Crestline Management,²⁰ is paying the state back for \$18.5 million of the general obligation bonds. Moreover, the project is doing so well that it generated a \$1.3 million after-debt profit for the North Georgia Mountains Authority in 2000.²¹

Moreover, public-private partnerships are not new to Jekyll Island. The Jekyll Island State Park Authority recently entered into a partnership with the Jekyll Island Club Hotel to renovate two cottages, Crane and Cherokee, in the historic district. The Authority invested \$2 million, while the hotel invested \$2.5 million. Once renovated, the cottages will be maintained entirely by the Jekyll Island Club Hotel and will add 23 hotel rooms, a small banquet space and a new restaurant to the existing facilities. The Authority will receive 3 percent of all revenues generated from the new facilities, in addition to the rent it already receives from the hotel.

A second way in which the state could aid the convention business at Jekyll Island and in Georgia is by providing funds to substantially renovate or redevelop existing hotel sites with a new product. Most of the existing hotels at Jekyll Island are 35 to 40 years old, and minor renovations will not upgrade them to the quality, modern hotels sought by conventioners. If the Jekyll Island State Park Authority can purchase these properties and raze the buildings, the Authority will then be able to lease the land to quality hotel chains who will build new, quality properties. These new properties will be able, by attracting new business, to generate increased revenue to both the Authority and to the state.

Other ways in which Georgia could supplement convention business at Jekyll Island include refurbishing amenities such as golf courses, the campground, the water park, the historic district, and the beach. While these amenities are satisfactory to most convention attendees, as hotel quality improves, the quality of these amenities will need to improve as well. With respect to the historic district in particular, funding is necessary in order to meet the restoration and stewardship responsibility of the Authority. The historic district is the most significant and unique amenity on the island, and has the potential to be the island's most compelling

²⁰ The state originally partnered with Storemont Trice to develop and operate Brasstown Valley. Since the development process ended, that company split. The management aspect of it merged with Marriott and formed Crestline Management.

²¹ Brasstown Valley's after-debt profit is expected to increase to \$1.6 million in 2001, then jump to \$4.18 million in 2003 after 55 new guest rooms are added.

attraction to visitors.

III. Conclusion

Georgia is in a non-competing situation with respect to resort business and tourism in large numbers due to the size and age of current coastal hotels. The strongest resort markets in the area, with which Georgia could be a competitive force, appear to be Hilton Head, South Carolina and Amelia Island, Florida. The Senate Coastal Tourism Committee recommends that Georgia conduct a feasibility study to determine the viability of a resort hotel/convention center on Georgia's coast. Ultimately, the committee recommends that the state invest in a public-private partnership to create a resort location suitable for convention business on Jekyll Island. In so doing, Georgia can recapture those business convention dollars that are currently going to our neighboring states.

At the time of its establishment, the Jekyll Island State Park Authority was intended to become self-sufficient and able to oversee activity on the island without further state help. The committee suggests that one of the reasons Jekyll Island has not progressed on its own is that it is providing its own services and is receiving few services from Glynn County, despite contributing to the county's revenue. This issue is addressed in depth in the Addendum.

ADDENDUM: TAX ISSUES AFFECTING JEKYLL ISLAND²²

At its inception, the Jekyll Island State Park Authority was intended to become self-sufficient, to the point that the Authority would eventually not need state funding to operate itself or the island. This goal has not been reached; as a result, the Authority asks for and receives funds from the Georgia General Assembly. These funds have served to develop and maintain roads, golf courses, fishing piers, the convention center, campgrounds, water and sewer plants, the water park, the shopping center, picnic areas, the fire department building and other amenities. State funding spreads the costs of restoration and general upkeep of both state and local facilities on the island to all taxpayers in the state. It has been suggested, however, that tax equity in Glynn County could alleviate this problem and allow the Authority to upgrade the park without requiring constant state appropriations.

Taxes Paid to Glynn County²³

Residents of Jekyll Island pay approximately \$2.6 million in taxes to Glynn County each year. Jekyll Island residents and businesses pay the same Glynn County General Fund millage as other Glynn County residents and businesses, minus a state returned fire insurance rollback of .92 mills, which compensates for fire/emergency medical service protection not provided by Glynn County to Jekyll Island. The residents then pay approximately \$370 each annually, or 4+ millage to the Jekyll Island Authority for fire/emergency medical service. When added to the county millage, the residents on Jekyll Island pay 7 percent more than any other area in the county. The property taxes on Jekyll Island generate approximately \$1,750,000 per year for Glynn County General Fund. Over \$1 million of that amount supports the Glynn County school system.²⁴

A one-cent Local Option Sales Tax (LOST) and a one-cent Special Purpose Local Option Sales Tax (SPLOST) are collected on sales transactions on Jekyll Island. The annual collection is approximately \$525,000 for LOST and \$525,000 for SPLOST. The \$14.5 million collected from LOST is split between Glynn County and the City of Brunswick, with approximately \$8.9 million to Glynn County and \$5.5 million going to the City of Brunswick. The Jekyll Island State Park Authority does not receive any portion of the LOST to offset general fund expenditures. The SPLOST collected on Jekyll Island is used to fund the list of projects that were approved by the voters for SPLOST 3. There were no approved projects for Jekyll Island on the list, despite many requests made by the Authority.

County Services Received by Jekyll Island

Jekyll Island benefits to some extent from Glynn County's court services, library, parks and recreation

²² Information courtesy of the Jekyll Island State Park Authority.

²³ Residents of Jekyll Island do not support the concept of a special tax district for the limited purpose of adding a one-cent tax to be used to fund projects on Jekyll Island. An additional tax would make it more expensive to do business on Jekyll Island and negatively impact the island's competitive position in the market place. Also, this would not achieve the goal of including Jekyll Island in the equation for fair distribution of tax revenue collected on Jekyll Island.

²⁴ Jekyll Island children comprise 51 of the 11,750 children in Glynn County schools.

programs, Department of Family and Children Services, schools, building inspections and general governmental administrative functions. However, because Jekyll Island is state-owned and operated and furnishes most of its own services, many of the services which Glynn County indicates are provided to its citizens on either a county wide or unincorporated area basis, such as fire protection, sheriff's office, and the visitor's bureau, are not provided to Jekyll Island. In a few instances, Glynn County has recognized that Jekyll Island residents and businesses do not utilize services and gives them a small tax reduction. This is the case with fire protection and emergency medical services where residents and businesses have been given a small tax credit— less than one mill— on their property tax. Also, Jekyll Island businesses are not required to obtain a separate business license from the county.

For other services, Glynn County makes no such concession. For example, in 1998, Glynn County spent \$10,127,200 in operating costs on police services -- including the Sheriff's Office, investigations and drug enforcement -- and another \$1,126,600 in capital expenditures for the Public Safety Complex. However, the county provided no police services to Jekyll Island because of coverage by the Georgia State Patrol and the Georgia Bureau of Investigation.. Similarly, Glynn County has historically provided little, if any, road maintenance, traffic engineering or drainage services on Jekyll Island for which the county expended \$3,793,000 in 1998. These two areas of expenditure, for which Jekyll Island received no benefit, accounted for 34 percent of Glynn County's 1998 total operating costs.

In the case of the Visitors Bureau, the Authority actually pays 60 percent of the hotel/motel taxes collected on Jekyll Island, approximately \$720,000, to the Brunswick/Golden Isles Community Visitors Bureau each year so that Jekyll Island is included in its promotional activities.²⁵

Glynn County does provide services elsewhere in the county which either the Authority provides or which are not provided at all at Jekyll. For example, the Authority maintains beach access and preforms necessary clean-up at the beach. The county performs similar services on St. Simons Island. Additionally, the county provides lifeguard services at St. Simon's Island while no such services are provided at Jekyll Island.

Services Provided by the Jekyll Island State Park Authority

The Jekyll Island State Park Authority provides many services to the residents of Jekyll Island which are normally provided by counties. At no cost to the residents of Jekyll Island, the Authority provides road maintenance, drainage and traffic engineering, and business licensing of local businesses. The Authority also maintains the beaches and the fishing pier at no cost to the residents. For a usage fee, the Authority provides water and wastewater services through Authority-owned facilities, as well as solid waste collection and removal. Fire protection and emergency medical services are paid for jointly by the Authority and through a special fee assessed on residents and businesses; the Authority pays for 53 percent of the cost (approximately \$300,000 per year) while the residents and businesses pay the remaining 47 percent. The Georgia State Patrol provides the island's police services at no cost to the residents or businesses.

²⁵ The remaining 40 percent, approximately \$480,000, pays for the operation of Jekyll Island's welcome center, special events, marketing, convention services, and island amenity advertising.

The Jekyll Island State Park Authority does collect a parking fee from both residents and visitors to the island. Parking decals may be purchased for \$60.00 annually; a single entrance to the island costs \$3.00 per vehicle. While this fee does generate funds for the Authority—approximately \$1,800,000.00 in Fiscal Year 2000— the funds are used to offset the debt due to the state, to provide landscaping, facility maintenance and sanitation for the island, and to pay for public area capital projects such as beach repair and maintenance and bicycle path improvements.

House Bill 489, which was enacted by the General Assembly during the 1998 Session sought to make counties and municipalities discuss and agree on service delivery strategies in order to prevent duplication of services. The legislation did not apply to Jekyll Island as it is not a municipality. Further, “authority” as used in the legislation refers to county and municipal governing authorities, not to state authorities. Under House Bill 489, Glynn County is only required to reach an agreement with the City of Brunswick regarding service delivery strategies.

Comparison with Other Jurisdictions²⁶

Although the State operates a number of facilities throughout Georgia, none of those facilities provides a completely comparable situation to Jekyll Island. Jekyll Island is unique in that it constitutes a small city with full-time residents who own their homes, various private businesses in owned and leased space, and public facilities owned and operated by a state government entity. However, most of the other state-owned facilities also rely on local governments for many of their services. A brief description of several other State-owned facilities follows:

Lake Lanier Islands: Prior to being leased out to a private company, these facilities were operated by the Lake Lanier Islands Development Authority. This authority remitted sales tax receipts to Hall County, but paid no ad valorem property taxes. After the entire facility was leased to a private company, the county began receiving ad valorem property taxes as well. Both before and after the property was leased, Hall County provided and continues to provide police, fire and emergency medical services. Similarly, the City of Gainesville has provided water on a service fee basis. The Lake Lanier Islands Development Authority remits 40 percent of all hotel/motel taxes collected on the islands to Hall County; the Authority uses the remaining 60 percent for advertising.

Stone Mountain: This property is operated by the Stone Mountain Memorial Association, but its commercial activities have been leased out to a private company in recent years. The private contractor remits both sales taxes and property taxes to DeKalb County. Although the Association has its own police force which has arrest powers and has its own fire engine to provide fire protection, it relies on DeKalb County for back-up in both areas and for any needed ambulance service. In addition, DeKalb County provides water and wastewater services to the facility on a service fee basis.

²⁶ Information courtesy of the Jekyll Island State Park Authority, Lake Lanier Islands Development Authority and Stone Mountain Memorial Association.

Brasstown Valley: This facility is owned by the state, but its management is contracted out to a private company. That company remits sales taxes to Towns County, but pays no ad valorem property taxes. Towns County provides police, fire, 911 and emergency medical services to the facility. Water and wastewater services are also provided by local governments on a fee basis.

Unicoi, Red Top Mountain and Amicolola State Parks: These parks are operated by the State Department of Natural Resources, but the lodges and associated conference centers are managed by a private company under a management contract. Both the Department of Natural Resources and the private company remit sales tax to White County for Unicoi, Bartow County for Red Top Mountain, and Dawson County for Amicolola, but do not pay any ad valorem property taxes. Each of these county governments provides back-up police, fire, 911 and emergency medical services to the facilities.

Committee Recommendations

The Committee supports legislation which will enable Jekyll Island to participate in service delivery strategy discussions in Glynn County, so that residents of the island will receive county services for which they are paying. In addition, the Committee supports legislation that would permit Jekyll Island to share the LOST proceeds collected in Glynn County, and encourages Glynn County to apply SPLOST funds to Jekyll Island projects. Further, the Committee recommends that the “parking fee” at Jekyll Island should be changed to “restoration fee” or “preservation fee” as the majority of the funds collected from it pay for restoration of the historic district and for other capital projects. The Committee asserts that the terms “restoration fee” and “preservation fee” are more visitor-friendly than “parking fee,” and will be more accepted by visitors and residents of the island.

Conclusion

Due in large part because of its inability to recapture any of the revenue generated on or by the island, Jekyll Island has not reached the point of self-sufficiency expected at the outset. As a result, the Jekyll Island State Park Authority has been forced to rely on state appropriations to meet the long term capitol investment needs of the Authority and of the island. Residents of Jekyll Island have met on numerous occasions with members of the Glynn County Commission regarding Jekyll Island’s tax needs, and both groups have corresponded with members of the General Assembly. No solution has been reached. This inability of Glynn County and the residents and businesses of Jekyll Island to reach a solution has become not merely a local issue, but a statewide issue. Instead of relying on Jekyll Island generated tax revenue, collected by Glynn County, to fund needed projects on Jekyll Island, the Authority has had to rely on state support from residents of all of Georgia. Where the county has failed to provide funding to Jekyll Island, the state has met the need with general taxpayer dollars.