



## ECONOMIC DEVELOPMENT ELEMENT

### Background

The Economic Development Element considers labor force and labor force characteristics, employment by place of work and residence, and analysis of the community's economic base. This section provides an analysis of the Town of Kiawah Island's economy and the Town's impact on Charleston County's overall economy.



### Existing Conditions

The economic activities associated with Kiawah Island are intertwined into the fabric of the overall regional economy. Although the Island represents only 1.2 percent of the County's land base and 0.4 percent of the population (2.1 percent of households), its measurable impact is considerable. The Island alone contributes 8.9 percent of the property tax in the County. Moreover, the Charleston Metro Chamber of Commerce reports that Kiawah Island Golf Resort ranks among the major employers in the region with 1,277 employees.

In addition, Kiawah Island Golf Resort ranks in the top 10 of Charleston County principal taxpayers. The Resort is a magnet for high-end tourism and sporting events. For example, several major golf events, such as the World Cup, Ryder Cup, 2007 Senior PGA Tournament, and the future 2012 PGA Tournament are sponsored by the Resort. These events spotlight the region on the international stage and not only impact the economy, but also showcase the Lowcountry as a desirable place to live, work, and visit.

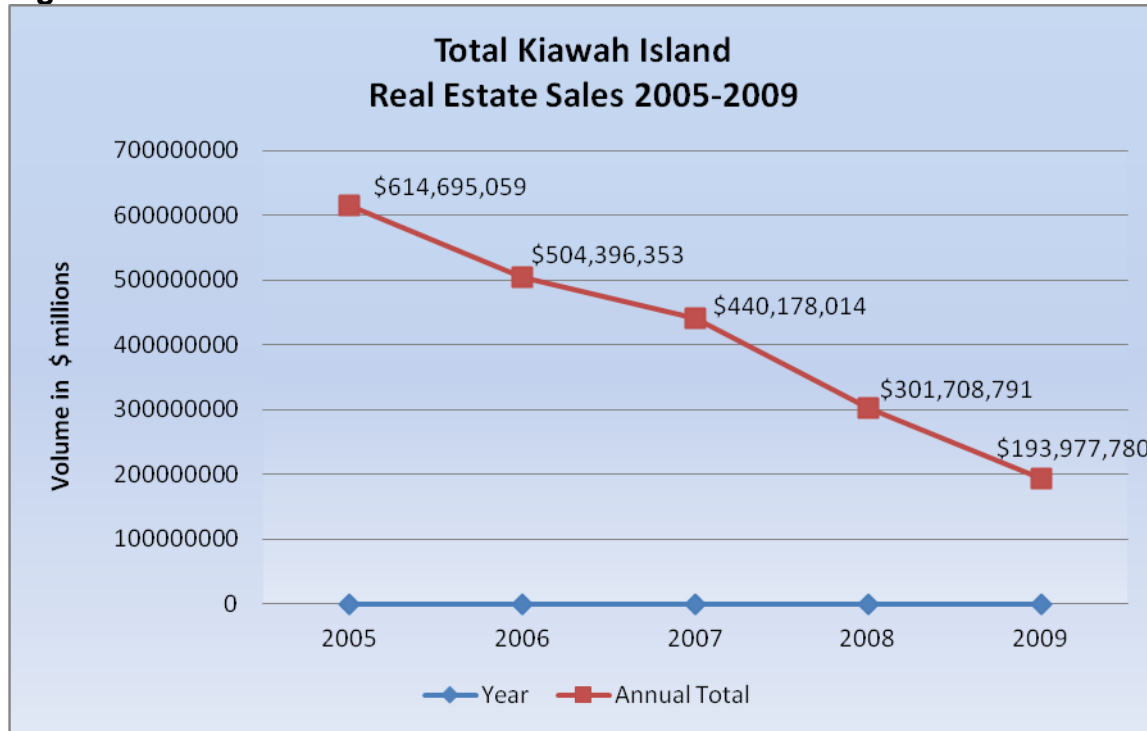
### Real Estate Sales

Real estate sales on Kiawah Island exert a large and measurable economic impact ranging from real estate agents, office staff, banking and insurance services, and property management employees. In 2005 real estate sales reached \$615 million in sales. Since 2005, the downturn in the economy has taken its toll on Kiawah real estate sales.



Real estate sales began to steadily decrease as exhibited in the chart below. Despite this decrease in sales volume, the real estate market on Kiawah is still well above national averages.

Figure IV.1 2005-2009 Kiawah Island Real Estate Sales



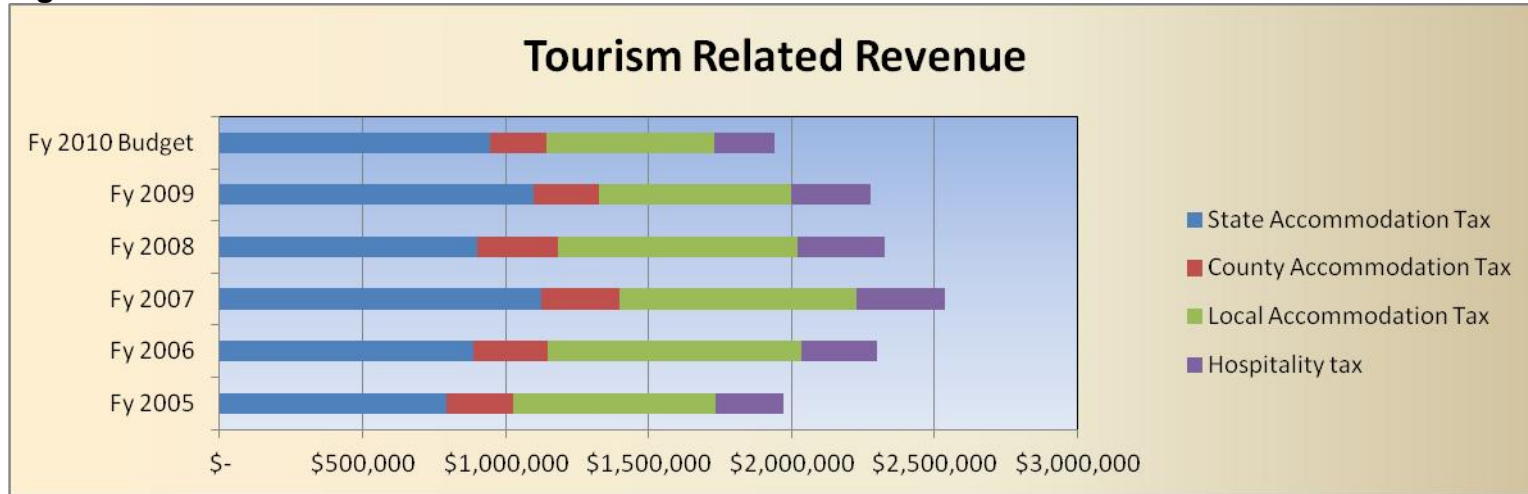
Source: Kiawah Island Real Estate June 2010

**Financial Benefits**

The reciprocal benefits to the Town from tourism are recognized in the form of Accommodations and Hospitality taxes to the Town. These include State, County and Local Accommodations Taxes, and Hospitality Taxes. The graph below depicts the trends in these revenues as related to tourism.



Figure IV.2 Tourism Related Revenue



The funds are classified as special revenue funds and may only be used for those purposes outlined by the State. Those purposes include, but are not limited to, law enforcement, traffic control, public facilities, highway and street maintenance, as well as the continual promotion of tourism. The funds must not be used to supplement services normally provided by the Town, but only to promote tourism and enlarge its economic benefits through advertising, promotion, and providing those facilities and services which enhance the Town’s ability to attract and support tourists. Annually, State Accommodations Taxes are allocated by a committee of individuals as required by law for those communities receiving more than \$50,000 in revenue. The committee recommends funding to organizations like the Kiawah Island Golf Resort, Charleston Symphony Orchestra, the Professional Golfers’ Association of America, and the Kiawah Island Marathon. Also, the committee recommends funding for police protection provided by the Charleston County Sheriff.

Specifically, these funds may be used for tourism-related expenditures including:

- advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;
- promotion of the arts and cultural events;



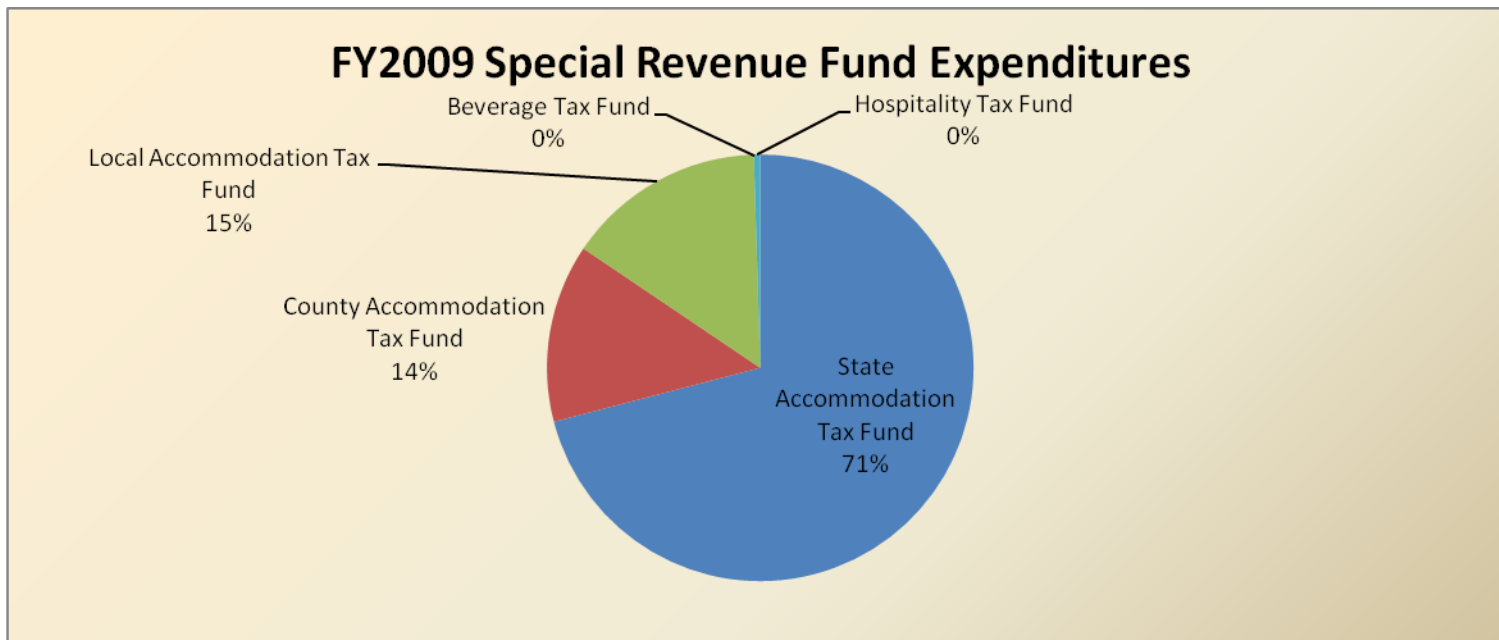
- construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities;
- the criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities, the amount of funding being based on the estimated percentage of costs directly attributed to tourists;
- public facilities such as restrooms, dressing rooms, parks, and parking lots;
- tourist shuttle transportation;
- control and repair of waterfront erosion;
- operating visitor information centers.

Examples of recent expenditures from these funds include:

- Local Accommodations taxes to pay for the 2006 East End Beach Restoration Project,
- County Accommodations taxes used to maintain community facilities like the Municipal Center and beach accesses, and
- Hospitality taxes to provide for public road maintenance, including landscaping, such as the Beachwalker Drive Landscaping Project.

The pie chart below depicts the expenditures of these funds through June 30, 2009.

**Figure IV.3 FY2009 Special Revenue Fund Expenditures**



The Town also receives Business license revenues from firms that provide services on the Island. Below is a chart showing these revenues for the last five years.

**Figure IV.4 Business License Revenues: 2005-2009**



### Labor Force Characteristics

The 2000 U.S. Census is the most recently published data source reflective of the labor characteristics on Kiawah Island. The report notes that of the 380 residents of the Town employed in the civilian labor force in 2000, 227 were males and 153 were females. Figure IV.5 provides a breakdown of the resident labor force in the Town.



**Figure IV.5 2000 Total Population (Residents) and by Sex**

	Total		Male		Female	
	#	%	#	%	#	%
<b>Population 16 Years and Over</b>	1109	100.0	545	100.0	564	100.0
In Labor Force*	380	34.3	227	41.7	153	27.1
In Armed Forces	0	0	0	0	0	0
In Civilian Labor Force	380	34.3	227	41.7	153	27.1
Not In Labor Force	729	65.7	318	58.3	411	72.9

Source: U.S. Census Bureau, Census 2000, SF3, Table P43

\*The "In Labor Force" row reflects the number of persons employed by the Armed Forces plus those employed in the civilian labor force (not in the Armed Forces).

As shown in the table below, the majority of the 2000 resident labor force, or 85 percent, worked in management, professional, and related fields or sales and office professions. Relatively few residents were employed in the service, construction, or production industries.

**Figure IV.6 Occupations of Kiawah Island's Employed Labor Force (16 years and older [380 residents] in 2000)**

Occupation	Total # Employed	% of Total Labor Force
------------	------------------	------------------------



Management, Professional, & Related	201	52.8
Service	37	9.7
Sales and Office	110	28.9
Construction, Extraction, & Maintenance	8	2.1
Production, Transportation, & Material Moving	9	2.4
Other	15	3.9

Source: U.S. Census Bureau, Census 2000, SF3, Table P43

The majority of the resident labor force commutes to work alone by driving a car, truck, or van. A small percentage of employees carpool or use public transportation to work on Kiawah Island. The fluctuation in gas prices in 2008-2009 may have caused an increase in the number of employees carpooling to work. In 2009, KIGR petitioned CARTA, Charleston Regional Transportation Authority, to evaluate the feasibility of reintroducing a route servicing Johns, Wadmalaw and Kiawah Islands.

## EMPLOYMENT

### Kiawah Island Golf Resort



The Kiawah Island Golf Resort ranks among the major employers in the region. As noted above, figures obtained from the Charleston Metro Chamber of Commerce indicate that the Resort is a major employer in the region with 1,227 employees. Generally, individuals who work on Kiawah Island do not reside on the Island. The Kiawah Island Golf Resort depends heavily on seasonal employees during the tourist season, primarily between June through August. During that time the Resort employs approximately 800 to 1,000 people. Of the 320 total seasonal workers, 145 are recruited from Jamaica, Romania and the Philippines. The remaining 175 are generally found locally or from colleges across the nation. The international employees are housed at an apartment complex in West Ashley and they pay for their own housing and transportation that the Resort provides via buses and vans throughout the day. The international employees typically work for 6 to 9 months depending on the needs of the Resort.



### **Kiawah Island Community Association**

The Community Association is another of the Island's employers with 119 full-time employees. These employees include landscapers, security officers, and administrative personnel. The Sandcastle (a community facility for KICA members) also contributes to the island's economy as it is frequently rented for special events and weddings.

### **Kiawah Development Partners**

Kiawah Development Partners, Kiawah Island Club, Kiawah Island Utility, Kiawah Island Real Estate and Freshfields have approximately 483 employees in the peak season and 410 in the off season.

### **Other Service Providers**

Every day a large number of service providers - contractors and sub-contractors, repair personnel, cleaning and maintenance persons, landscapers and many others – provide services on Kiawah Island. Their earnings contribute significantly to the region's economic base.

### **Property Tax**

Kiawah Island represents 1.2 percent of Charleston County's land base. As of FY2009, Kiawah property owners contributed \$53,678,392 or 8.9% to the County's operations.



## **Summary**

In summary, Kiawah Island exerts a sizable and sustained economic impact on Charleston County while imposing negligible costs. Most of the economic impact is derived from the ongoing spending from tourism, residents, real estate sales, property taxes and construction activities.

The County provides few direct services to the Town of Kiawah Island. The single largest direct service provided is planning and land use. The other direct services include building and code inspections for the Island. Indirect services include emergency management and flood management.

Other governmental services are provided by the Town of Kiawah Island without the need of imposing property taxes. The Town provides for public safety, health and welfare for the community. The Town contracts for island-wide police coverage with the Charleston County Sheriff's department. The Town also contracts with a private firm for garbage, recycling and yard debris collection on the Island. The Town maintains the public roads on the Island including the Kiawah Island Parkway which is the sole ingress and egress point. The Parkway is the only evacuation route from the Island in the event of an emergency. Other emergency services are provided by the Charleston County EMS and the St. Johns Fire District.

The Kiawah Island Community Association also provides services on the Island including premise security, landscaping and maintenance of all the private roads behind the main gate.

The Island's utilities are also provided by private entities including the water and sewer service which are provided by Kiawah Island Utility, electric service provided by Berkeley Electric Cooperative, and television and telephone providers such as Comcast and AT&T. In addition, since there are few school-age children resident in the Town, there are no public schools within the Town.

In terms of a cost-benefit analysis, the costs to Charleston County as related to those direct services provided are negligible, as compared to the benefits from the significant economic contributions derived from Kiawah Island.

## **Key Issues**

The following are the key issues related to the Economic Development Element:



- There is an inherent tension between the economic and other benefits associated with the commercial activities of ongoing development, tourism and high quality resort facilities, which must be balanced against the residential character and commitment to preserving the Island’s natural beauty reflected in the vision statement;
- The Town of Kiawah Island supports a largely service-based economy, supported by employees from areas outside the Town limits.

**Goals**

To help the Town further realize its Vision, the following goals should be considered when evaluating proposals for change.

**1. Provide a balance between preservation of natural resources and economic development.**

	<b>Implementation Strategy</b>	<b>Responsibility</b>	<b>Time Frame</b>
a.	Ensure that Development Agreements recognize that the Town is a residential community surrounded by a unique and beautiful natural setting while also providing for appropriate economic development and orderly growth in areas where economic benefits are available (See Natural Resources Element Goal #1a).	Town Council Planning Commission	Ongoing
b.	Ensure that land use and zoning ordinances implement the Town’s Comprehensive Plan and that related proposals comply with the appropriate ordinances (See Natural Resources Element Goal #1b).	Planning Commission	Ongoing