

**Jekyll Island**

**2004**

**Island-wide  
Master Plan  
Update**

# **JEKYLL ISLAND AUTHORITY**

---

## **Updated Jekyll Island Master Plan Recommendations**

In late 2003, the Jekyll Island Authority (JIA) retained Robert Charles Lesser & Co., LLC (RCLCo) to conduct an update to the original Jekyll Island Master Plan from June of 1996. As with the original master plan, this update recognizes the key missions of the JIA, which are to be stewards of the land, adhering to the State's 35% maximum development requirement<sup>1</sup> and to provide a Jekyll Island affordable and available to all Georgians. Overlaying this is the recognition that the JIA is a self-sustaining Authority that must operate "in the black".

The following represent the key components of the Master Plan and the consultant recommendations provided by RCLCo to the Authority. It is the Authority's decision whether or not to adhere to these recommendations.

### **35% Developable / 65% Undevelopable**

We believe the restriction of only allowing 35% of the land on Jekyll Island to be developed is integral to the island's ecology, image, performance and market-driven success and recommend that this restriction remain in place. America's coastlines are rapidly disappearing to development and the environmental and ecological attributes of Jekyll Island have been, and will continue to be, one of its greatest attributes. Remaining a good steward to Jekyll's environmental attributes, through both protection and enhancement, should be paramount to the Authority.

Over the past seven years the Jekyll Island Authority has stayed true to the 35%/65% rule while significantly enhancing the island by adding or upgrading numerous amenities and improving the infrastructure of the island. Despite these enhancements, and the strong dedication of the JIA, island visitation numbers continue to struggle and are reflective of other key issues plaguing the island today; namely poor lodging stock, a lack of housing diversity on the island (which can be used for vacationing family lodging purposes), and lack of convention hotel adjacent to the conference center. This stagnant to declining tourism growth at Jekyll has resulted in declining revenues for the JIA in terms of golf rounds, bed taxes collected and several other revenue streams. In the coming five to ten years, given the context of the Authority's mandates and the need to preserve Jekyll's natural amenities, the JIA must identify the means by which revenues can be enhanced within the parameters of the 35/65 rule. RCLCo recommends the Authority pursue options to enhance revenue within the 35% development parameter through a program of primarily redeveloping sites already considered developed<sup>2</sup> while implementing a plan to assure conservation of the island's natural resources.

---

<sup>1</sup> See the 1996 Jekyll Island Master Plan for the definition of development and the estimation of the island's size and development status.

<sup>2</sup> This refers to the cumulative acreage delineated as developed and developable as shown in Exhibit 8 of the 1997 Master Plan.



# **JEKYLL ISLAND AUTHORITY**

---

## **Creation of a Development / Revitalization Plan**

Rapidly dwindling supplies of developable land in the coastal southeast and the resulting increases in land prices (which almost as a rule necessitates redevelopment as opposed to new development), have placed a premium on an asset Jekyll can provide: ocean-front and ocean-proximate redevelopment and development sites. The redevelopment of these sites can provide both the housing and lodging stock Jekyll needs to appeal to a broader market audience including families, thus enhancing opportunities to increase Jekyll's tourism base.

To tap into this potential increase in tourism, Jekyll must provide greater quality and variety of residential and lodging product, which necessitates redevelopment and development of sites on the island. Several key issues must be addressed prior to this development occurring, including who will be conducting the development, how will the development look and assuring adherence to the 35/65 rule for the island is maintained. While the Jekyll Island Authority is highly capable of running Jekyll Island and providing a quality environment, it is not a development entity and should not attempt to be one. Redevelopment and development opportunities on the island could generate significant long-term revenue for the Authority. To determine the most appropriate means by which these goals can be achieved, we recommend the JIA pursue the creation of a Development Plan for the island.

Prior to initiating the development process, the Authority must implement development standards for the island, including appropriate densities, heights, architectural styles and landscaping standards. Doing so can establish the island as a unique location and destination and help it compete in the market for vacationers and visitors. These guidelines can also emphasize Jekyll's major amenities, including the environment and the Historic District and should be applied to both new construction and redevelopment. Design and landscaping standards can also result in minimizing tree loss and the loss of native vegetation for new development and redevelopment sites.

The second key portion of this Development Plan should focus on the technical aspects of the redevelopment and development process. Issues addressed in this portion of the plan should include identifying an appropriate entity or entities in which to engage development and redevelopment and identifying deal structures that are both attractive to encourage appropriate development on the island while both maximizing potential benefit to the Authority and staying true to the legislative requirements and context of the island. Potential redevelopment and development sites are provided in the accompanying Observations, Recommendations and Guidelines document.



## **JEKYLL ISLAND AUTHORITY**

### **Conservation Plan**

As noted, Jekyll Island's first and foremost amenity is its natural environment and island ecology. To compliment the Development Plan recommended in this master plan update, we recommend the JIA initiate a Conservation Plan for the island soon after the development plan process has begun. This conservation plan should provide an in-depth examination of Jekyll's flora and fauna and identify the critical issues and impacts development and redevelopment of the island can have on the island's ecology. Important examples of these study and management areas are shoreline, wetlands and forest management. This plan should also examine the means by which development and redevelopment can enhance the island's ecology through use of native planting materials, pervious surface and returning natural landscaping previously removed for infrastructure. Finally, this Conservation Plan should provide for means by which island visitors, residents and other interests can further engage the island ecology, reaping its educational and relaxation benefits while limiting impacts. Doing so can further Jekyll's natural image and enhance visitation and revenue potential.

### **Restructuring Residential Leases**

An additional means for the JIA to increase revenue is through increasing residential lease rates. Existing homeowners benefit significantly from the JIA and are paying lease rates to the Authority at a rate well below that which is reasonable in today's coastal market. Related to this is the current sunset provision for JIA leases in 2049. Given the mortgage lenders requirements for federally backed loans, which require the length of the lease to be 10 years longer than the loan, the JIA should pursue an extension of this lease period. Renewal of these leases provides an opportunity for the JIA to restructure these leases and receive a more equitable share of the value provided these homes by both the island itself and the infrastructure and services provided by the JIA. The JIA should continue to work with Congressman Kingston and USFW to make technical corrections to the FEMA maps to ensure that developments on Jekyll can receive federally funded flood insurance **DONE ✓**

Given this, a readjustment of JIA residential lease rates should be considered, including the means by which lease rates are determined. We recommend the JIA readjust the lease structure to a value based system creating a fair evaluation for all homeowners based on the current fair market range of 1% to 2% of assessed value. Further, we recommend the JIA collect a transfer fee when leases change ownership, similar to that typical of fee simple properties in the Brunswick area and throughout the U.S. Finally, we recommend the JIA pursue opportunities to participate in use of properties for investment purposes, in particular vacation rentals, in which ownership properties largely function as a lodging business.

# **JEKYLL ISLAND AUTHORITY**

---

## **Technical Amendments**

In addition to the aforementioned updates to the Jekyll Island Master Plan, one technical amendment to the previous development maps is recommended. The long-term designation of a 3.9-acre parcel of land that lies between the existing 4H Center and the existing residential development on the south side of the island should be changed from undeveloped to a development site on Exhibit 8 in the Master Plan. This parcel was plotted in August 1955 for single-family residential development and while no structure has been built on the property, the land has been disturbed from its natural state and must be reclassified.

More detailed observations, recommendations and guidelines can be found in the accompanying document to this Updated Master Plan and are available through the Jekyll Island Authority.



# **JEKYLL ISLAND AUTHORITY**

---

## **INTRODUCTION**

In 1996 the Jekyll Island Authority (JIA) retained Robert Charles Lesser & Co., LLC (RCLCo) and Tunnell-Spangler-Walsh & Associates (TSW) to conduct a master plan for development and operation of the state run Jekyll Island. Two key tenets of Georgia State Law were paramount to that plan:

- First, only 35% of the island may be developed with the remainder being preserved as natural open space, and;
- The island must be accessible and available to the average Georgian.

Given this, the major focus of the 1996 master plan was to identify that percentage of the island which was considered developed and to delineate present and future land areas as either environmentally sensitive, historically sensitive or active use areas. The 1996 Master Plan determined Jekyll Island to be approximately 32% developed and identified a remaining 108.35 acres that could be developed and still keep the JIA in compliance with the State's 35/65 mandate. Further, RCLCo worked with TSW to identify new amenities and services that could be offered at Jekyll Island to generate revenue and broaden the tourism base. Finally, RCLCo provided guidance into restructuring commercial leases on the island to allow the Authority to capture a more appropriate share of lease revenue from these uses. In addition to these results, the Master Plan also required an update to the plan at a future time to revisit the results of the implementation and the JIA's effectiveness.

Based on this last recommendation, the JIA requested assistance from RCLCo in 2003 to conduct an update to the 1996 plan. Consistent with the 1996 plan, the updated master plan is primarily focused on identifying the means by which revenues can be enhanced within the parameters of the 35/65 rule. This includes opportunities for development or redevelopment, re-examination of lease structures and other means by which additional revenues can be generated. All this has been done with the understanding that, under Georgia State Law, the JIA must obtain a self-sufficient income, not requiring any additional funds from the State, and the island must be preserved as a resort for all Georgians to enjoy.

# **JEKYLL ISLAND AUTHORITY**

---

## **Assignment Objectives**

The following is a description of the goals and objectives of the original 1996 Master Plan, followed by the objectives of the current 2004 Master Plan Update for Jekyll Island.

### *1996 Jekyll Island Master Plan*

- Development of management strategies to enhance and/or continue successful operation of commercially leased operations;
- Evaluations and recommendations regarding Authority-controlled operations as to upgrades, capital improvements, effectiveness of product delivery, or possible privatization of these operations;
- Incorporation of the Historic District Master Plan, completed in October 1995;
- Recommendations for the protection of unimproved areas, with respect to access, nature experience, interpretation, and educational opportunities that are not disruptive and are consistent with remaining unimproved; and
- Allowance and consideration of input from a broad cross-section of interest groups, residents, business owners, and conservation organizations.

### *2004 Jekyll Island Master Plan Update*

- Review recommendations from the 1996 Master Plan;
- Evaluate the level of implementation occurring since the completion of the 1996 Master Plan;
- Identify opportunities for increasing revenue through maximizing space usage, including possible redevelopment of existing properties, within the 35% development constraint;
- Establish a mechanism for the Jekyll Island Authority to revisit and track successful implementation of master plan recommendations; and
- Incorporate a public input process into the master planning process to gain further insights and enhance acceptance of the master plan.



# **JEKYLL ISLAND AUTHORITY**

---

## **Methodology**

To achieve the objectives listed above for the 2004 Master Plan Update, RCLCo conducted the following analytical tasks.

- a) Conducted a kick-off meeting with the JA staff to review mission/ vision statements and strategic plans.
- b) Conducted interviews with Island Authority staff and others as needed to identify strengths, weaknesses, opportunities, and issues regarding progress made on a specific per recommendation basis since 1996.
- c) Updated our earlier study of trends relative to resort development via article research and case studies of other coastal resorts, particularly those in the Southeast.
- d) As a means of gathering additional public input, RCLCo conducted two public meetings on the island for lease owners/residents, business owners and operators, environmental and other island interests.
- e) Examined the golf operations on the island in light of the above trends and identified the need to reposition, re-package or redevelop a portion of the golf on the island.
- f) Examined the needs and opportunities to redevelop one or more of the hotels on the island for a new, larger, and potentially more upscale full-service hotel, possibly conference-oriented.
- g) Identified opportunities for new residential and commercial development, on a variety of already developed sites throughout the island. These opportunities were identified through development trends at other coastal resorts.
- h) Based on our conclusions from the above research and analytical steps, formulated updated recommendations relative to potential development opportunities on Jekyll Island, including both amenity opportunities and additional capital-generating development opportunities.



# JEKYLL ISLAND AUTHORITY

---

## CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report were reached based on our analysis of the information available to us from our own sources and from the client as of the date of this report. We assume that the information is correct, complete and reliable.

Our conclusions and recommendations are based on certain assumptions about the future performance of the global, national, and/or local economy, as well as that of the real estate market and on other factors similarly outside either our control or that of the client. To the best of our ability we analyzed trends and information available to us in drawing these conclusions and making the appropriate recommendations. However, due to the very fluid and dynamic nature of the economy and the real estate markets, it is critical to continually monitor the economy and the market, and to revisit the aforementioned conclusions and recommendations periodically to ensure that they stand the test of time.

We assume that in the future the economy and the real estate markets will grow at a stable and moderate rate. History tells us that stable and moderate growth patterns are not sustainable over extended periods of time. Indeed, we find that the economy is cyclical, and the real estate markets are typically very sensitive to these cycles. Our analysis does not take into account the potential impact that major economic "shocks" could have on the national and/or the local economy, nor does it account for the potential benefits from a major "boom". Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such boom or shock situations. We are currently in the midst of an economic recovery, the timing, depth and duration of which are unknown, and which to date has had varying impacts on the real estate market in most areas.

Additionally, we assume that economic, employment and household growth will occur more or less in accordance with current expectations, as will other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer confidence; in the cost of development and construction; in tax laws (i.e., stable property and income tax rates, deductibility of mortgage interest, etc.); or, in the availability and/or cost of capital and mortgage financing for real estate developers, owners, and buyers. Should any of the above change, there is good reason to believe that this analysis should be updated, and the conclusions and recommendations summarized herein be accordingly reviewed (and possibly revised).

We also assume that competitive projects will be developed as planned (active and future), and that real estate demand will be met with a reasonable stream of supply offerings. Finally, we assume that major public works projects occur and are completed as planned.

BLEAKLY  
"MODEL"

# **JEKYLL ISLAND AUTHORITY**

---

## **1996 MASTER PLAN REVIEW & 2004 UPDATE**

In addition to delineating land uses and calculating the total developed versus non-developed acreage on Jekyll Island, the 1996 Master Plan concluded that most of the assets and amenities required to provide visitors an opportunity to experience and enjoy the island were already in place. Given that most of the elements for a successful resort were in place the majority of the conclusions and recommendations from the 1996 plan focused on improvements/renovations of existing facilities and new programming to enhance the visitor's enjoyment. The recommendations were divided into three general categories:

- PARKS,  
BIKE PATHS* →
- Those which require capital outlays (some of which may generate no direct revenues, yet are essential for long-term viability);
  - Those which enhance revenue collections such as the creation of new amenities or features and the improvement of existing amenities; and
  - Those which represent the privatization of new and/or existing facilities or services (e.g. new lease or franchise opportunities).

The following figure shows a summary of the 1996 Master Plan Recommendations. The recommendations in yellow represent undertakings the Authority has taken since the 1996 Master Plan, those in green are recommendations currently in progress and those with no color represent recommendations the JIA has yet to take any significant action on. It must be noted that due to some market shifts not all original recommendations are still valid and some of them have not been acted on for this reason, this has been accounted for in the evaluation that follows.



# JEKYLL ISLAND AUTHORITY

Figure 1:

Summary of 1996 Master Plan Recommendations for Jekyll Island

Capital Expenditures	Revenue Enhancements	Privatization/Other Revenue
Visitors pavilion	Monitor marketing changes	Consider hiring private marketing firm
Landscaping of island	Market Jekyll as winter conference destination	Adoption of streets for landscaping maintenance
Implement a shuttle service for island and convention center	Provide extensive golf packages	Additional private dining restaurants
Develop new camping facilities-platform tents	Increase parking fee to \$3	Use Cranc and Chocococ as B&B's
Indoor activity center, possibly using convention center	Enhance/market annual pass program	Encourage private water taxi service between Jekyll and St. Simon's
New fishing pier/crab dock	Adopt sign ordinance	Find private operator for Jekyll airstrip
Creative playground	Planning/design for island	Encourage the development of a micro-brewery
Nature center	Re-structure leases for hotels	Island cinema
Extended bike trail system	Develop hotel/landscaping standards	
Develop interpretive trails and boardwalk	Hist. Dist. Independent walking tours	
Improve ball fields near 4-H center	Create tour of historic sites outside of district	
Distinguish one golf course via landscaping/price	Interpretation of ruins	
Improve Summer Waves landscaping	Sell historic district tickets at hotels	
Improve existing camping facilities	Increase marketing of historic district	
✓ Renovate/improve facade of shopping center	Use gardens in historic district for weddings	
Historic District independent walking tours	Provide smaller events in historic district	
Create tour of historic sites outside of district	Add activities coordinator	
✓ More in-depth tours of historic district	Update hotel staff as to events/activities on island	
Interpretation of ruins	Develop nature tours of Jekyll	
Increase marketing of Historic District	Continue/initiate more arts programs	
Add activities coordinator	Provide boat and canoe rentals	
Develop nature tours of Jekyll	✓ Conduct inventory of flora/fauna	
Provide boat and canoe rentals	Sponsor annual events	
✓ Conduct inventory of flora/fauna	Increase golf marketing	
Sponsor annual events	Adopt architectural controls	
Increase golf marketing	Charge "trail fee" for bike rentals	
Provide additional staff housing as needed	Package and promote tennis more	
Additional youth facilities near Summer Waves	Monitor market efforts and tourism demographics	
Signage graphics		




## **JEKYLL ISLAND AUTHORITY**

---

As previously mentioned one of the objectives in this 2004 Master Plan Update process was to rate the Authority on their actions as the sole entity in charge of operating and maintaining the state owned island. Based on the level of action taken on recommendations from the 1996 Master Plan we have given the following qualitative comments on their performance:

### *Overall Operation*

- The JIA has provided greater variety of amenities and focused more on natural aspects of island;
- Have been good stewards of the land by maintaining quality of natural areas while allowing greater access to them; however
- Island visitation, golf and hotel performances have dropped since last study;
-  Market for tourism dollars and visitation island is becoming increasingly competitive and Jekyll is losing share to other areas due to tired facilities;
- This is troubling for the Authority as it must be a self-sustaining entity.

### *Adding/Enhancing Amenity Base*

- The JIA added a playground, upgraded golf course and ballfields, more bikes and trails, upgraded camping and a nature center; however
- Still need to add more bike paths (upgrade maintenance in some spots), more nature trails and boardwalks and an indoor activity center.

### *Revenue Enhancements*

- The JIA increased the parking fee and reduced the costs of annual passes (resulting in an increased sales of annual passes), upgraded hotel appearance clauses and is better utilizing the historic district; and
- Have renegotiated lease clauses for hotels, inserting quality service and product evaluations and investment and insurance clauses.

### *Privatization*

- The JIA is using a private marketing firm on some aspects, a private water taxi service has been established and the creation of B&B's in historic district were completed; however
- Has not significantly improved the overall dining experience on the island.



# JEKYLL ISLAND AUTHORITY

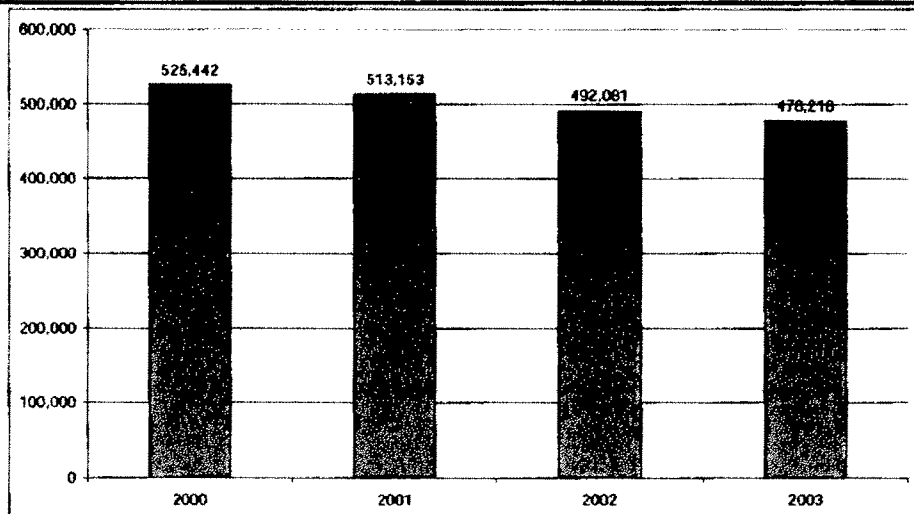
---

## Jekyll Island Visitation

In spite of the new amenities and enhancements being made to the island by the JIA, visitation to the island has decreased steadily over the past four years. In 2000, more than 525,000 cars received parking passes at the Jekyll Island gates. Since that time, this number has declined by more than 10% to 470,000 in 2003. At first glance, the impacts of September 11, 2001 and the national recession appear to be to blame for this. However, when examining visitation to the Georgia Coast (the Golden Isles area of Georgia), this assumption fails to hold as tourism to this larger area has increased steadily during this time. While increasing numbers of annual passes may have artificially deflated these numbers somewhat, Jekyll Island appears to have lost some of its share of visitors to coastal Georgia; a significant issue.

Figure 2:

Jekyll Island Traffic Counts



## **JEKYLL ISLAND AUTHORITY**

---

The declining attendance is reflected in two key aspects of the island:

- Decreasing hotel occupancy (which now stands at 52%) and low RevPAR (revenue per available room) figures, which are averaged \$48 per night in 2003; indicative of a struggling lodging market. Such low figures have resulted in one hotel being closed and two more being in foreclosure.
- Declining golf rounds in spite of investing more than \$3 million in one of the island's three 18-hole courses.

Conversely, there are a number of significant factors that have contributed to this decline in visitation.

The vacation/resort market is becoming increasingly crowded, with Jekyll competing not only with other coastal Georgia areas, but with areas as far away as the Florida Panhandle, which is penetrating the Atlanta market more deeply. These resort areas provide more consistent quality, with significant architecture and landscaping, strong amenity packages and the sense of a real destination and coastal environment. With substantial upgrading/renovation, Jekyll Island can provide this atmosphere as well, and even exceed these resorts in terms of amenities, its strong natural environment and historic resources.

Perhaps the greatest single issue confronting the Island today is its poor offering of lodging rooms. Most of the hotel product at Jekyll today is old and outdated. Three of the island's hotels are closed or in foreclosure and nearly all of the island's rooms in operation can be found in older limited-service motels. This lack of quality lodging is exacerbated by the lack of quality condominiums, villas and homes available for weekly rentals on the island. These products are found at most resorts in the Southeast, including Hilton Head, Sandestin, Amelia Island and others. Further, these products, particularly homes, condos and villas, are attractive products for families, a group that may bypass Jekyll instead of booking multiple rooms in a limited-service facility.

Another crucial issue impacting Jekyll Island is the conference center located at the focal point of the island. The conference center has been losing groups to both newer centers in major metropolitan markets such as Atlanta, Macon and Savannah as well as newer spaces in other coastal resorts such as San Destin and Amelia. Much of this loss appears attributable to the lack of quality adjacent or connected hotel rooms and/or in-adequate space configuration. However it is important to understand that even at the most financially successful resorts, conference centers are typically a loss leader, the purpose of them being to fill hotel rooms. While it is certainly possible to increase group visitation to the island through renovation and/or redevelopment of the center and the addition of attached hotel rooms, the center may never be overly profitable, unless reimbursed through collected bed taxes. Despite the lack of direct profit potential the conference center is Jekyll Island's best



## **JEKYLL ISLAND AUTHORITY**

---

way to not only maintain high visitation numbers in the off-peak season and support other Island establishments, but also to generate new visitation. Understanding the potential upside for the convention center on additional visitation and supportable revenue increases is an important aspect of this master plan update.

As with the convention center another important issue affecting Jekyll is the disjointed nature and lack of connectivity among facilities and amenities. The majority of amenities Jekyll offers appear to be adequate for the most part and consistent with the island's natural and historic attributes. Indeed the JIA has taken significant steps since our previous study to better program these amenities. A key issue is the fact that these amenities are spread out over the island and require auto access to reach (bikes are not sufficient in some cases). Jekyll lacks a true "location" or focal point. There is no central community identity and community gathering place, no "downtown". People are either doing an activity or in a small hotel room. There are few, if any places for people to gather, just interact or linger.

Each of these factors limits Jekyll Island's image in the market and must be addressed in order for Jekyll to not only compete with other coastal resort areas but also to remain financially independent. It is simultaneously important that while addressing these issues JIA continues to focus on, its current residents and repeat visitors, and Georgians everywhere. Above all, Jekyll's ecology and historic resources must be preserved and enhanced.



# **JEKYLL ISLAND AUTHORITY**

---

## **PUBLIC PLANNING PROCESS**

In an effort to gain a broader understanding of what aspects of Jekyll Island have the greatest appeal, RCLCo conducted a public input session on the island with residents and local business owners. This session focused on understanding resident, visitor and other interest perspectives, values and visions for Jekyll Island, at least as perceived by residents and business owners. Three exercises were conducted with the more than 300 attendees of this meeting to gain their opinions addressing:

- Insights into potential development and redevelopment exercises on the island;
- Their vision of the island and core values through a series of 51 statements; and
- Understanding their vision of the island through a visual preference survey for the island.

The results of these exercises can be seen on the following pages.

### ***Redevelopment Sites***

The first exercise examined twelve potential development and redevelopment sites on the island through allowing residents to identify those sites that they most supported redeveloping and those they most opposed redeveloping. As can be seen on the following table, residents most strongly support the redevelopment of existing commercial sites, including the island's convention center, retail center and several hotels. They are not supportive, however, of redevelopment of the island's amenities, such as golf, Summer Waves, the soccer fields and the campground. More evenly split were opinions regarding the air strip and land north of the convention center, both considered developed, but lacking in vertical development.



# JEKYLL ISLAND AUTHORITY

Figure 3:

Potential Redevelopment Sites Exercise Summary

Potential Redevelopment Sites	Would Consider	Do Not Touch
Comfort Inn	100%	0%
Convention Center	94%	6%
Conference Area Shopping Center	92%	8%
Holiday Inn	92%	8%
Georgia Coast Inn	92%	8%
Clarion	90%	10%
Airport	49%	51%
Land North of Convention Center	48%	53%
Campground	19%	81%
Soccer Fields	18%	82%
Summer Waves	14%	86%
9 or 18 Holes of Golf	7%	93%

## Value Statements

The second public input exercise provided participants with 51 statements in which they were asked to rate each on a scale of 1 to 5 depending on their level of agreement to that statement for Jekyll Island. The following statements represent those that participants felt the strongest about.

Figure 4:

Statement Rating Exercise Summary

Strongly Agree (4 or Higher)	Strongly Disagree (2 or Lower)
Jekyll Island needs better marketing	Jekyll Island should become more like a private resort
My favorite aspect of the Island is the natural setting	Jekyll Island should be more like St. Simon's
I frequently leave the Island for better restaurants	The Island's \$3 parking fee should be removed
The trails on Jekyll Island are in need of repair	Jekyll Island needs a casino
The campground is a vital component to the island	Traffic is an issue on the Island
I wish Jekyll Island had an outdoor pavilion	The Island should stop hosting large events

From the results of the statement exercise it becomes quite clear that Jekyll's most unique aspect is its natural setting and small town feel. Current residents and visitors are attracted to Jekyll because it provides a unique atmosphere that is becoming more and more difficult to find on today's coast, a rural beach town.



# JEKYLL ISLAND AUTHORITY

---

## *Visual Preferences*

The final public exercise conducted was a visual preference survey. The survey was designed to gain an understanding for types of architecture and appropriate scale of development that could occur on Jekyll Island. While some of the participants verbally expressed distaste with the images shown there were a surprising number of images that resonated quite well with the average participant. The following are the top two images in each category.

*Figure 4:*

*Highest Rated Residential Images*



*Figure 5:*

*Highest Rated Multifamily Residential Images*



# JEKYLL ISLAND AUTHORITY

---

Figure 6:

Highest Rated Retail Images



Figure 7:

Highest Rated Hotel Images



Figure 8:

Highest Rated Mixed-Use Images



While none of these images represent a specific structure to be built on Jekyll Island the character they give off help to portray the image that current Jekyll Island residents and business owners have for the future of the island and should be kept in mind when considering specific development opportunities within the island's future. As can be seen in the images, residents most preferred historic architecture,

## **JEKYLL ISLAND AUTHORITY**

both for residential buildings as well as commercial buildings. The participants preferred people on the street and outdoor dining, portraying an active social setting. Neither of these options are provided on the island today (aside from the Historic District and Blackbeards). As will be discussed later, the need to create some type of architectural guidelines for the island will be important to establishing its image and perception in the market. In addition to doing research with those individuals currently associated with Jekyll Island we felt it would be important to understand current trends with competitive coastal resorts throughout the Southeast. The following section summarizes the trends that were discovered.



# **JEKYLL ISLAND AUTHORITY**

---

## **RESORT TRENDS**

Due to the lack of destinations with the same characteristics of Jekyll Island, mainly private resorts were studied to determine trends and successful initiatives of beach/island destinations. Included were nearby St. Simons Island and Amelia Island, Sandestin in Florida, Kiawah in South Carolina, and Bald Head Island in North Carolina. All of these destinations include overnight lodging, one or more conference facilities, shopping and dining components and nature amenities. In addition, all have one or in most cases multiple golf courses. The majority of these resorts are privately owned and/or operated or have large private resorts as components of them. While the Jekyll Island Authority itself cannot expect to compete on the same level as these resorts, individual hotel operators and perhaps a private conference facility operator could be better equipped to offer products and services more in line with those found in other coastal resort areas.

Competition in the conference/meeting industry is perhaps at its highest level in history. An increasing number of cities, counties and private resorts are providing meeting and conference facilities while more corporations are choosing to host their own events. Jekyll provides a great natural location for conference and convention facilities. It must, however, compliment this strong natural location with quality facilities and amenities.

The biggest difference between Jekyll Island and the case studies is the lack of sufficient quality lodging. Industry research and interviews indicate lodging facilities play a key role in generating convention business. In addition, organizers that book large groups must have access to large blocks of rooms well in advance. Typical groups vary greatly in size, but most planners suggest having at least 250 and ideally 300 rooms to accommodate guests. Perhaps most critically, these rooms must be directly adjacent to the center or within a very short walk. Some meeting planners have even indicated they would like to see covered walkways connecting the two in case of bad weather. Facilities like the Baytowne Conference Center in Sandestin offers visitors lodging facilities on-site, and a mix of daytime and evening dining, shopping, entertainment and nightlife within walking distance. This provides the conventioneer with a positive experience which leads the planner to book annual visits for that particular client and provide testimonials for other clients. Hotels within driving distance or uncovered walks often don't meet the needs of those booking conferences. Jekyll offers little in the way of quality accommodations within walking distance, and no accommodations adjacent to it's conference center.

In addition to having adequate, adjacent, quality lodging to serve the convention center, Jekyll lacks a significant amount of rental villas and condominiums. Families and other vacationing groups prefer villas and/or condos when choosing a vacation destination. All the case studied resorts provide a variety of different products available for rent. Unlike Jekyll, which offers mainly old motels, these resorts offer a variety of housing options which typically have modern features such as high-speed internet connections and entertainment centers with DVD players and video gaming systems, as well as just more appropriately configured floorplans for families. In addition, most groups prefer to have a kitchen in the unit, as an alternative to dining out every night.



## **JEKYLL ISLAND AUTHORITY**

---

Providing a range of dining experiences is also important. This, however, is related directly to demand and, given Jekyll's struggle to increase tourism and its lack of a strong year-round market. Increasing tourism or providing revenue-based leases to restaurants will likely be needed to enhance the island's dining experience and variety.

Finally, golf, as always, remains a fairly important amenity for conference and convention facilities, where it is used by those attending or not. Increasingly, corporations have cut back on free time during conventions, in many cases not permitting participants sufficient time to play an 18-hole round of golf. Instead, many conferences and conventions are allowing a period of time more consistent with a 9-hole round of golf. This has reduced the number of rounds played on resort courses and will likely impact these courses in the years to come. Providing quality opportunities for shorter play at Jekyll and encouraging the use of a shorter course is recommended for the island.

### **GOLF MARKET OVERVIEW**

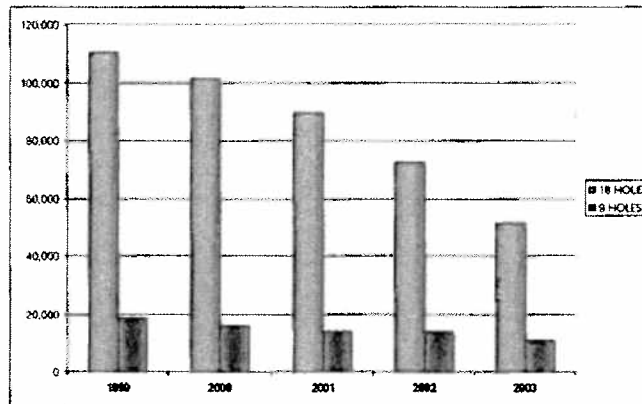
Like conference facilities, golf has become increasingly competitive in the past decade. In the Brunswick area and beyond, golf has been overbuilt in the U.S. and has led to declining rounds on a per course basis and lower revenues overall. This is true both in resort locations such as Jekyll as well as primary home locations (and feeder markets) such as Atlanta. Throughout the entire Golden Isles region, which includes St. Simon's Island, Sea Island, Jekyll Island and mainland Brunswick, golf rounds have decreased approximately one percent over the past calendar year. Courses on St. Simon's, including the Hampton Club, Sea Palms and The Hampton Club have showed little or no growth, while Ocean Forest did 1,000 fewer rounds than 2002. On the mainland, only Coastal Pines' rounds increased, in part due to the fact it is fairly new. The others, including Oak Grove, Sapelo Hammock and Glynco, all experienced zero to negative growth. Other resorts around the southeast, including Sandestin and Amelia Island, experienced slow to no growth in 2003.

On average, courses in the Brunswick area are averaging approximately 31,000 rounds annually, well below desired levels of play for golf courses. Jekyll Island, with 63 holes of golf, is not faring well in the market, even against these modest averages, receiving only about 18,000 rounds per 18-hole course. This is less than one-third of what should be expected on a public resort course and, without a significant increase in island visitation, indicates a likely long-term oversupply of golf at Jekyll. As can be seen in the graph on the following page, golf rounds at Jekyll have declined precipitously over the past four years, declining by more than half in this short period of time.

# JEKYLL ISLAND AUTHORITY

Figure 8:

Declining Golf Rounds at Jekyll Island, 1999 to 2003



The sources of this decline likely lie with several factors including declining island visitation, poor quality of lodging on the island, (including lodging for golf groups), the revitalization of one course, and the increasing competition of golf locally and nationally.

# **JEKYLL ISLAND AUTHORITY**

---

## **RESIDENTIAL MARKET OVERVIEW**

The majority of the built product on Jekyll Island consists of 1960s and 70s brick ranches on ¼-acre lots. Today, these homes generally have been selling for around \$300,000 for an interior unit, with oceanfront homes commanding prices in the \$700s. Since there has not been hardly any new product offered in recent years, many buyers are renovating these older homes to bring them up to current standards. A significant issue impacting opportunities to renovate these homes is flood insurance, which is currently exorbitantly expensive. The JIA is currently working with the Federal government to resolve the flood insurance issue and our recommendations contained within this update assume that reasonably priced flood insurance will become available to properties on Jekyll Island.

In talking with local area Realtors, perspective buyers indicate the main attraction to the island is the peace and quiet. Buyers are looking for a low maintenance product priced in the mid \$300s. Not surprisingly, possible locations highlighted by Realtors are those with an amenity orientation, including those oriented to the beach, marshes or golf.

As noted earlier, Jekyll Island lacks a significant variety of residential products on the island and is thus somewhat limited in its appeal to broader market segments, both as a place to own a home or rent a vacation unit. Providing this greater variety, along with a greater variety of hotel product, could enhance Jekyll's attractiveness to the homebuying and vacation market.

Given this, RCLCo examined products being offered at other resort areas in the market, including nearby beach and island areas. Several concepts emerged which are candidates for development at Jekyll.

In Sandestin, a new development called Baytowne Wharf includes the Pilot House, which incorporates condo/hotel flats over retail shops in a village orientation. This product was tremendously successful, with key factors not only being the location created by the retail village but also the proximity to the convention center, which provides demand for rental units in the off season. The majority of buyers in the Pilot House are investors leasing their units out to conference attendees.

Another product not currently on Jekyll that could compliment the island is a Traditional Neighborhood Design (TND) community. These communities feature homes on smaller lots, located closer to the street and boast large front porches. They are designed to promote walking and interaction between residents or visitors, and properly executed can have very attractive streetscapes. One example of a TND is Habersham, located in Beaufort, South Carolina, which is designed in a low country style. An example closer by, and on a smaller scale, is the Coast Cottages on St. Simons Island. In both communities, the sales and price appreciation have been beyond the developers' expectations, indicating strong market demand.

## **JEKYLL ISLAND AUTHORITY**

---

Beachfront condominiums in other resorts including nearby St. Simons are wildly popular with both second home buyers and investors. The majority of these condos are ranging in price from \$375,000 to \$450,000, with many going up from there. Jekyll has an excellent opportunity to offer beachfront condos at a variety of locations, namely the struggling or already defunct hotels.

As mentioned above, product with a golf orientation is also in demand. In the cased resorts, the most successful products relating to golf are attached villas lining the courses. These villas can be utilized for primary living as well as investment potential for leasing to golf groups through quality design.

Throughout the resorts that were included in the case studies, premiums for views or orientations varied based on location within the development and overall quality of the view. Overall, beachfront lots command premiums of up to 700%, although this is based on very limited supply (given the lack of beachfront development in the area) and high demand in resort locations. Marsh views, also in high demand, average 250% over interior lots, which could possibly be achieved at the airport site for instance. Golf and water orientation (interior ponds) achieve premiums of 100% over interior lots.

## **HOTEL MARKET OVERVIEW**

Currently there are ten hotels located on Jekyll Island ranging from the high-end, historic Jekyll Island Club Hotel dating back to 1887 to aging 1970 and 80s beach-oriented hotels such as the Holiday Inn and Comfort Inn. In total the island has 1,518 hotel rooms however some of the hotel properties have been closed due to bankruptcy status. The Georgia Coast Inn has been closed and is now for-sale due to bankruptcy, and the Clarion and Comfort Inn, while still operating, are in foreclosure. Of Jekyll's 12 lodging entities<sup>1</sup>, eight are considered under-performing or financially distressed, experiencing either very low occupancy rates, low daily rates or both. Some properties such as the Days Inn and Beachview have undergone significant renovations in an effort to upgrade the room quality and have been rewarded with an increase in both occupancy and ADR, however most of the properties suffer from a deteriorating product. Despite the large number of hotel properties there is little to no real choice in lodging opportunities for visitors. While some rental houses exist on the island they are all primarily old brick ranches and the only hotel options are either out dated motels ranging from \$50 to \$120 per night or the high-end Jekyll Island Club which, with rooms starting at nearly \$180 per night at peak season, is likely to be unaffordable to many visitors. Many local residents and JIA staff cite the poor hotel room quality and lack of lodging options as Jekyll Island's biggest deterrent for increased visitation. Over the past five years, Jekyll Island hotels have seen their occupancy rates decrease steadily, declining from 62% in 1999 to 52% today. While some of this is likely due to the events of September 11th and the national recession, a significant share of this decline in occupancy can likely be traced with visitor dissatisfaction with Jekyll's lodging product and a resulting choice to vacation elsewhere.

---

<sup>1</sup> Villas by the Sea is leased by two separate entities.



# JEKYLL ISLAND AUTHORITY

Figure 9:

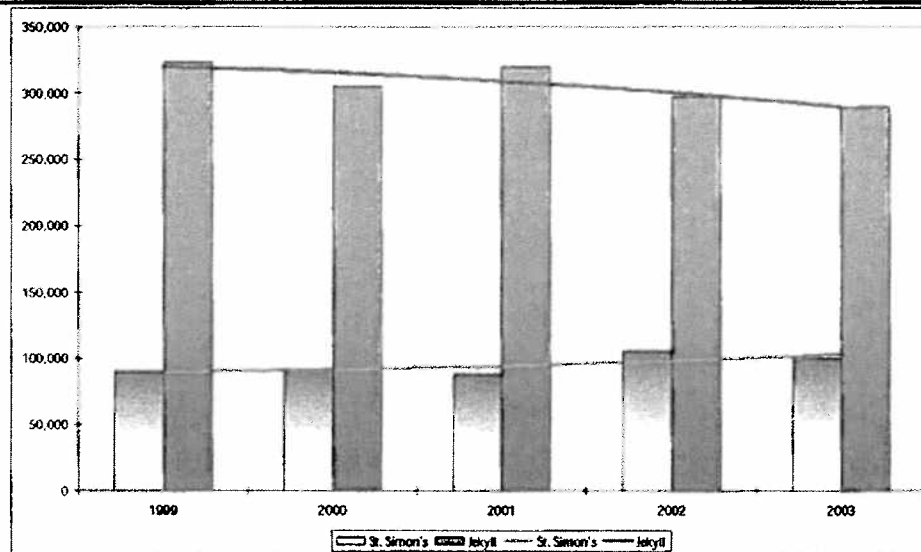
Jekyll Island Average Historic Hotel Performance

YEAR	Rooms	Occupancy Rate	Available Rooms	Occupied Rooms	Average Daily Rate	RevPAR	Estimated Annual Revenues
1998	1,576	58%	555,632	322,616	\$77	\$45	\$24,970,478
1999	1,537	62%	522,691	323,300	\$81	\$50	\$26,239,028
2000	1,548	57%	533,386	305,753	\$84	\$48	\$25,778,035
2001	1,487	59%	546,358	319,978	\$88	\$51	\$28,014,074
2002	1,518	54%	554,131	297,457	\$90	\$48	\$26,827,647
2003	1,518	52%	554,321	290,143	\$92	\$48	\$26,667,043
<b>AVERAGES</b>	<b>1,531</b>	<b>57%</b>	<b>544,420</b>	<b>309,875</b>	<b>\$85</b>	<b>\$49</b>	<b>\$26,416,051</b>

Additionally it is important to note that this drop in occupancy is unique to Jekyll in the Golden Isles market. While no market within the Golden Isles has experienced a tremendous surge in hotel room demand they have not seen as significant a decline, and in some cases have seen slight increases as seen in the following comparison of Jekyll Island and St. Simon's hotel room nights.

# JEKYLL ISLAND AUTHORITY

Figure 10: Comparison of Jekyll Island and St. Simon's Historical Hotel Room Nights (Smith Travel Research Data)



It is also important to note that many of the hotels that are currently underperforming and even in bankruptcy occupy prime oceanfront sites that could represent a higher and better use.

# JEKYLL ISLAND AUTHORITY

## CONCLUSIONS AND RECOMMENDATIONS

Over the past seven years the Jekyll Island Authority has significantly enhanced the island, adding or upgrading numerous amenities and improving the infrastructural base of the island. This includes amenities focusing on Jekyll's natural environment, such as the Nature Center and extended/improved bike trails. The struggling visitation numbers, which have occurred in spite of these enhancements, are reflective of other key issues plaguing the island today; namely poor lodging stock, a lack of housing diversity on the island, and lack of convention hotel adjacent to the conference center. This stagnant to declining tourism growth at Jekyll has resulted in declining revenues for the JIA in terms of golf rounds, bed taxes collected and several other revenue streams. In the coming five to ten years, in addition to encouraging renovation we recommend Jekyll move away from providing additional amenities to focusing on revenue enhancement, above all staying true to Jekyll's most precious attributes: its strong ecology and open space and its historic amenities.

Against these struggles, an opportunity exists for the Jekyll Island Authority to both enhance tourism and visitation to the island while increasing JIA revenues and thus opportunities to further improve the island's natural, historic and other amenities. These opportunities come through potential redevelopment of existing sites on the island and the development of new sites on the island, staying firmly within the bounds of the 35/65 development restrictions. Rapidly dwindling supplies of developable land in the coastal southeast and the resulting increases in land prices (which almost as a rule necessitates redevelopment as opposed to new development), have placed a premium on an asset Jekyll can provide: ocean-front and ocean-proximate redevelopment and development sites. The redevelopment of these sites can provide both the housing and lodging stock Jekyll needs to appeal to a broader market audience including families.

### Visitation Increases

By broadening this product offering, Jekyll can recapture lost visitation and regain its share of visitation to coastal Georgia in the coming years. As the table below indicates, through this recapture of visitation, total Jekyll island tourism could increase from around 478,000 visitors in 2003 to 700,000 visitors in 2010. Such an increase will not only directly benefit Jekyll's direct revenue stream, but would result in demand potential for retail, restaurants and golf, which can generate secondary revenues as well.

Figure 11:

Estimated Jekyll Island Tourism Projection

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
		525,447	513,153	497,061	478,218	478,218	487,787	574,366	563,693	605,971	651,418	700,275
Overnight	70%	367,809	359,207	344,457	334,753	334,753	341,448	367,056	384,585	424,178	456,083	490,192
Day Trip	30%	157,633	153,946	147,624	143,465	143,465	146,335	157,310	169,108	181,791	195,425	210,082



## **JEKYLL ISLAND AUTHORITY**

---

If the JA takes the steps necessary to realize this projected increase in tourism, by 2010 demand for lodging at Jekyll Island is estimated to be sufficient to support more than 1,700 hotel rooms, or a net gain of approximately 200 units over today's existing supply. In addition, the island will be able to support approximately 50,000 square feet of additional retail space, primarily in restaurants and service-oriented stores (health and personal care).

This potential growth in tourism will also feed demand for golf rounds on the island. Assuming a constant relationship between current visitation and golf rounds, we estimate that, with 700,000 visitors in 2010, total golf rounds will be approximately 91,000 annually. While a significant increase over today's 62,000 rounds is highly positive, Jekyll Island courses will still have significant excess capacity. Assuming 40,000 rounds per 18 holes of golf<sup>2</sup>, we estimate Jekyll Island courses will be at approximately 76% of capacity by 2010. As such, removal of some holes of golf for redevelopment, as needed, represents a real option for the Authority.

### **Creation of a Development Plan**

To tap into this potential increase in tourism, Jekyll must provide greater quality and variety of residential and lodging product, which necessitates redevelopment and development of sites on the island. Several key issues must be addressed prior to this development occurring, including who will be conducting the development, how will the development look and assuring adherence to the 35/65 rule for the island is maintained. To determine the most appropriate means by which to address these issues, we recommend Jekyll pursue the creation of a development plan for the island.

The first portion of this development plan should focus on the development process. While the Jekyll Island Authority is highly capable of running Jekyll Island and providing a quality environment, it is not a development entity and should not attempt to be one. This plan should examine and provide recommendations relative to:

- Is there a need for the Authority to create or hire a development facilitator to help it through a Request For Proposals (RFP) process and determining appropriate deal structures for development sites on the island?
- Should the Authority function as a joint development partner in some or all deals, contributing land with a performance-based lease or without leases for a period of time, or infrastructure costs to facilitate development and redevelopment?
- What is an appropriate deal structure for the Authority?
- Should the Authority consider one developer or development partner for the entire island or treat each independent development site as an individual opportunity?

---

<sup>2</sup> Industry average for Premium Public Resort Courses in the Sun Belt Region, National Golf Foundation.



## **JEKYLL ISLAND AUTHORITY**

---

The development opportunities on the island could generate significant long-term revenue for the Authority. Understanding the appropriate deal structure to bring about these opportunities is paramount to the JIA's success in this endeavor.

Prior to development, the Authority should also understand what these projects should look like in terms of scale and architecture. To this extent, the JIA should establish an architectural design standard for the island. This standard should build upon the island's historic and coastal architecture and should be applied to both new construction and redevelopment. Setting and enforcing these architectural standards should be a review board comprised of JIA staff, island residents and other island entities. Complimenting these architectural standards should be landscaping standards, identifying the type and amount of landscaping to be installed as well as minimizing tree loss and the loss of native vegetation for new development and redevelopment sites.

Initiating this development plan for the island should be a short-term task for the Authority, as it will impact all new development opportunities on the island in the years to come.

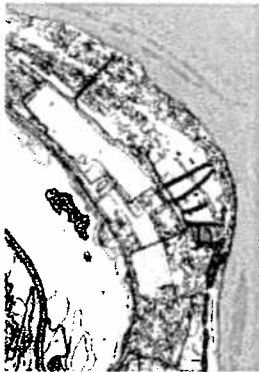
### **Specific Development and Redevelopment Opportunities**

Based on these recommendations we have prepared site-specific redevelopment and development options based on demonstrated market performances in analogous coastal markets and resorts. These specific site recommendations can be found in the following section of this report, however it is important to note that all of these development/redevelopment opportunities:

- Are within the already considered developed 32.44% of the island;
- Are conceptual in size and density (based on analogous low-density resorts) and would require additional surveying and land planning specific to each site;
- Assume all necessary infrastructure requirements are or could easily be made available to each site;
- Will not require any capital outlays from the JIA other than, in some instances, performance-based or abated land lease payments;
- Assume the above stated recommendations are implemented in the approximate time frames given; and
- Are adjusted to the current Jekyll Island visitor market demographics and given in 2004 dollars.

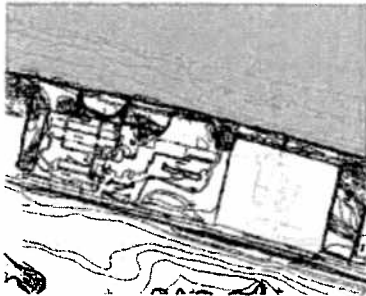
The following summarizes these redevelopment opportunities with sample photographs of potential redevelopment products. Estimated annual lease revenues derived from multiplying average unit price by number of units by estimated 1% lease fee. Revenues do not include any additional sums that may be collected from developers fees, increased bed tax, and/or sales tax generated.

# **JEKYLL ISLAND AUTHORITY**



*Parcel South of 4H Center*

There currently exists a 3.9 acre site located just south of the existing 4H Center that, although previously platted for single-family homes, was never built-upon. We recommend the development of the site as originally intended for 16 single-family homes in the short-term (1-3 years). These homes should range in price from \$350,000 to \$750,000 and range from 2,300 to 3,500 square feet. The homes will be attractive as both primary and secondary homes and should sell out within 1-2 years, generating annual lease revenues of \$88,000.



*Georgia Coast Inn*

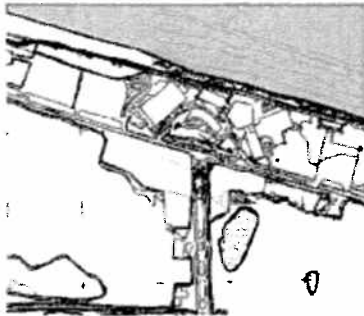
The Georgia Coast Inn is an existing hotel that is currently closed and for-sale due to bankruptcy. The site is an approximately 6-acre oceanfront site and should be redeveloped at a density of at least 18 units/acre in the short term (1-3 years). We recommend the development of a mid-rise condominium or condo/hotel building featuring approximately 135 units sized from 800 to 1,500 square feet and priced from \$240,000 to \$500,000. The units will primarily sell to investors and second homebuyers and could generate

approximately \$506,250 in annual lease revenue for the JIA.



# **JEKYLL ISLAND AUTHORITY**

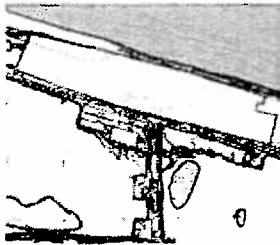
## *Town Square*



The existing shopping center is outdated and represents an under-utilization of perhaps the most visible and centrally-located points on Jekyll Island. The shopping center site, when combined with an adjacent vacant parcel and additional parking areas and vacant land across the intersection, provide a 4.1 acre site ideal for development of a "Main Street"-oriented, mixed-use town center. This center should be developed in phases with the first phase occurring on the vacant land south of the intersection so as not to disrupt existing tenants. Once completed tenants who wish to remain can be relocated to the new center while the old center is being redeveloped.



The entire development should take place approximately 3-5 years from now and feature a total of 60,000 square feet of retail and 125 condo/hotel units above the retail. The condo/ hotel units should be 500 to 1,000 square feet and priced from \$140,000 to \$300,000 and could draw support from convention center visitors seeking more of an apartment type of setting as opposed to a more conventional hotel room. As such, these units could be highly attractive to investors and second home purchasers. We estimate the residential portion of the redevelopment site alone could generate approximately \$275,000 in lease revenue for the JIA.



## *Convention Center Hotel*

The existing conference center still represents a significant amenity for the island, particularly during the shoulder and off-seasons. This facility, however, would greatly benefit from the development of an adjacent or even attached conference/resort hotel. This hotel could not only bolster the opportunities for the conference center to compete in the regional market, but could also provide the modern, quality ocean-front product currently perceived as being missing on the island today. In addition, some renovation, and potentially partial redevelopment of the existing convention center will likely be necessary to attract development of the hotel. The JIA should examine further the opportunities to enhance the existing convention center via a

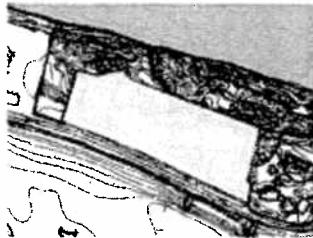


## JEKYLL ISLAND AUTHORITY

---

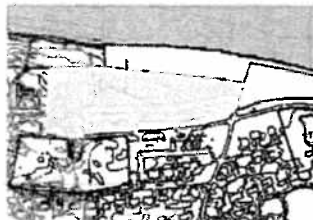
direct study of the facility itself as well as the potential requirements for securing the development of a conventional and resort hotel.

The entire site, including the vacant parcels to the north encompass approximately 24 acres on which we recommend either the enhancement of the existing convention center, or the potential redevelopment of a 40,000 square foot conference facility, and a hotel consisting of up to 250 to 300 rooms. This development should be undertaken in the short term (1-3 years) and represent a focal point on the island.



### *Holiday Inn*

The existing Holiday Inn is an under-performing hotel that is currently for sale, on a prime 12.4-acre beach/dune-front site. We recommend redevelopment of the site in the mid-term (4-5 years) as a mid-rise oceanfront condominium with a gross density of 12 units/acre. Condominium units should range from 1,200 to 1,600 square feet and be priced from \$350,000 to \$500,000. The units will be attractive to second home owners and investors and could generate approximately \$637,500 in annual lease revenues to the JA.



### *Comfort Inn*

The existing Comfort Inn is also an under-performing hotel, that is currently bankrupt and occupying a prime 8.6-acre beachfront site. Further, the hotels elongated footprint acts as a significant barrier to the beach for area residents and those staying across the street at the Quality Inn. We recommend redevelopment of the site in the mid term (4-5 years) as a mid-rise oceanfront hotel with approximately 300 units. This hotel would

feature a break to allow for visual and perhaps pedestrian access to the beach.



# JEKYLL ISLAND AUTHORITY

---



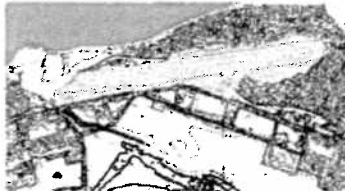
### Soccer Fields

While the existing soccer field complex does generate positive revenues for the JIA and provides a potential minor boost to island visitation, the site represents a significant under-utilization of an ocean-adjacent property. Occupying approximately 10.9 acres, the site is considered highly desirable for some type of residential development. Given its proximity to existing single-family areas and location well away from island amenities, we recommend development of the site in the mid term (3-5 years) as 87 single-family detached cottage homes from 1,700 to 3,000 square feet. These homes should range in price from \$400,000 to \$800,000 in price and will be attractive to primary and second home owners and could generate approximately \$522,000 in annual lease revenues to the JIA.



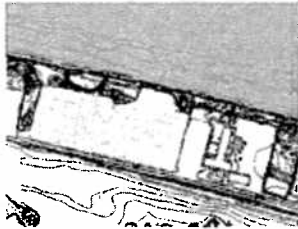
### Airport

While the existing airport is seldom used, it may offer some longer-term potential as the island becomes more populated. It does, however, represent a significant development opportunity for the JIA. If future demand for the airport does not build significantly, we recommend redevelopment of the 32.3-acre site as a mix of attached and detached for-sale homes. The large site features miles or marsh views and a view of the span bridge over the Brunswick River, views which are highly attractive in the market. The large size of the site could accommodate up to 258 single and multifamily cottage homes ranging in size from 1,300 to 3,200 square feet. These homes should range in price from \$250,000 to \$650,000 in price and will be attractive to primary and second home owners. Redevelopment of the airport site as recommended could result in approximately \$1,000,000 in annual lease revenues to the JIA.



## JEKYLL ISLAND AUTHORITY

---



### *Clarion Resort*

The third of the hotel redevelopment sites on the island is the Clarion Resort. The existing Clarion Inn is an underperforming hotel that is currently in receivership and a prime candidate for redevelopment. The hotel occupies a prime 8.8-acre beachfront site. We recommend redevelopment of the site in the long term (6-8 years) as a mid-rise oceanfront condo/hotel of approximately 200 units.



### *9 Holes of Oleander Golf Course*

As previously discussed in this text Jekyll Island has more than sufficient golf capacity to handle the significant increase in potential visitation to the island over the next five to ten years. Given this estimated excess golf capacity, we recommend the JIA consider redevelopment the front nine hole of the Oleander course for for-sale golf villas. Timing of this redevelopment opportunity should be longer-term (8 – 10 years) to allow for potential upside in golf rounds not currently anticipated in this plan. These villas, which would be flanked by the old nine-hole course



to the south and the remaining nine holes of Oleander to the north, should be priced from \$250,000 up to \$600,000 with unit sizes ranging from 1,400 to 3,500 square feet. Assuming such, this approximate 50-acre site could yield nearly 200 units, generating up to \$800,000 in annual lease rate revenues for the Authority.

# **JEKYLL ISLAND AUTHORITY**

---

## **Jekyll Island Residential Lease Rates**

The second means to increase revenue is through increasing residential lease rates. Based on figures obtained from the U.S. Census Bureau, there are approximately 500 homes on Jekyll Island today. These homeowners benefit significantly from the JIA and are paying lease rates to the Authority at a rate well below that which is reasonable. Current annual lease rates average around \$420 per property when analogous coastal markets can charge in excess of \$8,000. Given this, readjustment of JIA residential lease rates should be considered. Related to this is the current sunset provision for JIA leases in 2049. Given the increasing popularity of reverse mortgages, which require 50-year amortization periods, the JIA should pursue an extension of this lease period which would also present an opportunity to restructure those leases. JIA should increase lease rates to 1% of property value, with opportunities to increase up to 2% over time. In addition to those applying for new mortgages, the JIA should restructure leases with the sale of properties, and on new construction to minimize impact to existing island residents yet provide for faster restructuring. In concert with this, the JIA should quickly come to an agreement with the necessary Federal organizations to provide flood insurance to the island at reasonable rates and relieve the current burden from island residents. Net revenue benefit from revision of existing leases, even just to 1% of property value, could be \$1,790,000 once all leases have been renewed.

## **Other Island Enhancement Opportunities**

Additional enhancement opportunities on the island will help increase total visitation. These opportunities include:

- Increase marketing campaign and dollars to more accurately focus on the Atlanta market. This should be done following the lodging enhancements, as Jekyll must have something better to market before spending additional revenue on marketing;
- Updating the Jekyll Island website to a standard more consistent with competitive private resorts;
- Making necessary capital improvements to existing infrastructure/amenities (including Summer Waves and bike trail system) as revenue becomes available to prepare for future growth. This includes necessary upgrades to existing utilities, police/fire departments and transportation networks;
- Expand existing campground facility (Projected tourism numbers indicate a potential need for 80 more spaces by 2010);
- Expand existing trail system to further emphasize the islands number one attraction, its natural setting.

# JEKYLL ISLAND AUTHORITY

---

## Net Revenue Increases

Based on all of the recommendations contained within this report we have estimated an annual net revenue increase potential of nearly \$11,000,000 for the Jekyll Island Authority by 2010. That's an increase of nearly 69% of current revenue coming from restructuring of the existing residential leases, the formation of new residential leases, new business leases and an increase in bed taxes, parking fees and amenity usage based on the projected tourism growth. The following figure shows the estimated breakdown of this net revenue gain by source:

FIGURE 12:

ESTIMATED ANNUAL NET REVENUE GAIN BY SOURCE

Revenue Source	Net Annual Revenue Gain
Restructuring of Existing Residential Leases	\$1,791,000
Formation of New Residential Leases	\$3,829,000
Increased Hotel Bed Tax	\$542,000
Increased Parking Fees	\$546,000
New Business Leases	\$483,000
Increased Amenity Usage	\$3,488,000
<b>TOTAL:</b>	<b>\$10,679,000</b>



## **JEKYLL ISLAND AUTHORITY**

---

\* \* \* \* \*

This engagement was conducted by Todd Noell, Vice President; David Laube, Senior Associate; and Adam Schwegman, Associate, under the direction of Gregg Logan, Managing Director. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCo advisory services, please call (404) 365-9501.

# **JEKYLL ISLAND AUTHORITY**

---

## **GENERAL LIMITING CONDITIONS**

Every reasonable effort has been made to insure that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by RCLCo from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agent and representatives or any other data source used in preparing or presenting this study. This report is based on information that was current as of May 26, 2004, and RCLCo has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, no warranty or representation is made by RCLCo that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCo" in any manner without first obtaining the prior written consent of RCLCo. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of RCLCo. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the Client without first obtaining the prior written consent of RCLCo. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCo.