



## **ACCOMMODATIONS TAX ADVISORY COMMITTEE**

**11:00am, Wednesday, October 27, 2021**

**1207 Palm Boulevard, Isle of Palms, SC and**

**broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

### **MINUTES**

#### **1. Call to order**

**Present:** David Nelson, Doug Truslow, Ray Burns, Glenda Nemes, Malcolm Burgiss, Sally Muhlig

**Absent:** Rusty Williamson

**Staff Present:** Administrator Fragoso, Treasurer Suggs

#### **2. Approval of the previous meetings' minutes – September 8, 2021**

**MOTION: Mr. Burgiss made a motion to approve the minutes of the September 8, 2021 meeting. Mr. Williamson seconded the motion. The minutes passed unanimously.**

#### **3. Financial Statements – Treasurer Suggs**

Treasurer Suggs said there is \$1.8M in the ATAX account. There are currently \$30,000 in liabilities due to the General Fund covering the restroom attendant salary. No quarterly payment has been received from the State yet. She reviewed expenditures, which come to \$50,000 year-to-date.

**MOTION: Mr. Burns made a motion to move Item 5A up in the agenda to be discussed before Old Business. Mr. Truslow seconded the motion. The motion passed unanimously.**

#### **4. New Business**

##### **A. Discussion of new reporting requirements by the Tourism Expenditure Review Committee**

Mr. Burns said a new court ruling has given stricter oversight to TERC over ATAX monies. New reporting forms are now available. He said, "The recent court ruling has been interpreted by our legal counsel to mean that the budget of planned expenditures by the 30% nonprofit organization needs to be approved by the local advisory committee before funds are spent, and the accounting of those funds must be presented to TERC. And then secondly, they say however, for this year and going forward, the reporting form will need to include the basic accounting budget of how funds were spent by the designated 30%."

He added, “Based on the directive there, I feel this committee has a responsibility to review and approve the current CVB budget and then review actual expenses at year end, June 30, 2022.”

He referenced several meetings in which the Committee asked the CVB for transparency and accountability. The Committee would like to see what specific CVB initiatives have directly benefitted the Isle of Palms and at what cost. He distributed a fact sheet about the relationship between the Isle of Palms and CVB.

## **5. Old Business**

### **A. Discussion and consideration of alternatives for the allocation of the 30% of the ATAX funds collected that must be used for advertisement and promotion of tourism currently managed by the Charleston Visitors Bureau**

**MOTION: Mr. Truslow made a motion that the ATAX Committee recommend that City Council evaluate and determine various alternatives to the currently selected marketing organization. Ms. Nemes seconded the motion.**

Mr. Truslow said the Committee should encourage City Council move forward with issue very quickly. He believes that due to the stricter reporting requirements, City Council should look at the issue for accountability and transparency reasons. Discussion ensued as to whether or not to vote on the motion prior to the presentations from Helen Hill.

Administrator Fragoso asked for clarification on the motion. Mr. Burns answered, “The motion is we want City Council to consider other options or other alternatives to the current DMO arrangement. We are not recommending that they do anything. We’re just saying we are pretty much putting the ball in their court and saying we have studied it. We feel there is strong reason to consider alternative DMOs, and the motion is intended to tell them that we are recommending they consider alternatives.”

He added, “The alternatives are they do nothing. We stay the course of how we are now, or they execute the activity to create a non-profit.”

### **A vote was taken as follows:**

Ayes: Muhlig, Burns, Truslow, Nemes

Nays: Burgiss, Nelson

**The motion passed 4-2.**

## **6. New Business**

### **B. Presentation of accounting of expenditures from FY21 30% ATAX allocation distributed to the Charleston Visitor’s Bureau – Helen Hill, CEO of the CVB**

Helen Hill said, “Before I begin my presentation, I’d like to say for the record that the comments by Chairman Burns are absolutely not correct. We have provided a full and complete accounting of Accommodations Tax funds from the 30% from the Isle of Palms every year since we have

received this funding. Most recently, our audit has been presented to your team, so his comments are in many ways disingenuous because he has received that information.”

She said that she has met with a member of TERC who said the CVB’s reporting for the 10 municipalities it serves do meet and exceed the current TERC requirements.

She said that while this time during and following COVID has been difficult for tourism, “Specifically on the Isle of Palms, the average daily rate was up 28% over the previous year, our best year to date. And the best part was that the revenue was 40% higher. Meaning you got the higher-yield visitor that we were hopeful to get.”

Chris Simpson of Blue ION reviewed the facets of the proposed standalone website for the Isle of Palms and its businesses, including short-term rentals

Ms. Hill said that in FY22 the CVB will be focused in off-season group sales on the Isle of Palms. She shared a sample advertising schedule and will share advertising data with the ATAX Committee and City Council quarterly. The advertising is meant to help “drive the consumer to make the decision” to stay on the Isle of Palms. She told Committee members that they are welcome to copies of any of their past audits.

Administrator Fragoso reminded the Committee that the 30% must be spent on tourism promotion and there is more flexibility in how the remaining funds are spent within the City.

Mr. Burns said that the email of accounting for FY21 included in the meeting packet is not what he is looking for. “I’m looking for a detailed accounting of expenditures...I am looking for something that I can look at that basically is a profit and loss statement showing revenues, showing costs of goods sold, showing administrative, and getting to a bottom line.”

Ms. Hill said she would be happy to provide the same monthly accounting to the Committee that is provided to the CVB Board.

When asked whether or not the 30% accommodations tax is a procurement issue, Administrator Fragoso responded, “Our attorney has recommended a special meeting with this group to provide advice on that. It has come up before whether or not the City would be required to competitively procure the services that are provided by the CVB.”

**C. Presentation and consideration of FY22 budget of proposed expenditures by the Charleston Visitor’s Bureau – Helen Hill, CEO of the CVB**

Treasurer Suggs said, “What needs to be provided for TERC includes an annual proposed budget for the DMO which needs to be reviewed by the local Accommodations Tax Advisory Committee and approved by the municipal assembly.”

Administrator Fragoso added that the Committee can review it, not take action, but the budget still has to go through Council for them to approve or reject it. However, there is an expectation that the Committee will provide City Council with some direction. It will be necessary to ask TERC for an extension since the approval is due on November 1.

Ms. Nemes would like to see how funds are spent to benefit specifically the Isle of Palms and the ROI on each spend. Mr. Burns stated the budget as presented is too general. He said that Folly Beach pays a lot less to the CVB and receives “equal billing” in advertisements. Ms. Hill said that more time and energy is focused on the Isle of Palms since they have more units than Folly Beach or Sullivan’s Island.

Ms. Nemes said that she does not believe that the huge increase ATAX funds for the Isle of Palms can be attributed completely to the work of the CVB. Mr. Burns said he would like to see “activity-based economy on what specifically you are doing for the Isle of Palms and come up with a way for use to understand.”

Ms. Hill clarified, “So what you are looking for things that are specific to the overall destination sale and things that are specific for the Isle of Palms including all the auxiliary things like staffing.”

**MOTION: Ms. Nemes made a motion to reject the proposed budget for planned expenditures presented by the CVB for FY22. Mr. Burns seconded the motion. The vote was taken as follows:**

Ayes: Burns, Truslow, Nemes

Nays: Burgiss, Muhlig, Nelson

**The motion failed.**

#### **6. Miscellaneous Business**

The next meeting of the ATAX Committee will be Tuesday, November 9, 2021 at 11am.

#### **7. Adjournment**

Mr. Nelson made a motion to adjourn, and Ms. Muhlig seconded the motion. The meeting was adjourned at 12:56pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk