



ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00am, Thursday, April 7, 2022

1207 Palm Boulevard, Isle of Palms, SC and

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

MINUTES

1. Call to order

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

Absent: Malcolm Burgiss

Staff Present: Administrator Fragoso, Treasurer Suggs

2. Election of Chair and Vice Chair

Mr. Truslow nominated Mr. Burns as Chair of the ATAX Committee. Mr. Nelson seconded the nomination. There being no other nominations, a vote was taken with all in favor of Mr. Burns as Chair of the ATAX Committee.

Ms. Nemes nominated Mr. Truslow as Vice Chair of the ATAX Committee. Mr. Burns seconded the motion. There being no other nominations, a vote was taken with all in favor of Mr. Truslow as Vice Chair of the ATAX Committee.

3. Approval of the previous meetings' minutes – January 19, 2022

MOTION: Mr. Burns made a motion to approve the minutes. Mr. Nelson seconded the motion.

Ms. Nemes asked that the word "all" be added in front of "legal advice" in her comments about Executive Session.

VOTE: The amended minutes passed unanimously.

MOTION: Mr. Burns made a motion to change the order of the agenda to allow for the funding considerations to be heard first. Mr. Truslow seconded the motion. The motion passed unanimously.

4. New Business

A. Discussion and consideration of request for ATAX funding from the IOP Chamber of Commerce for website Development

Katrina Limbach, founding president of the Isle of Palms Chamber of Commerce, gave a history of the formation of the Chamber, the work of the Board to date, and shared the mission and vision statements of the Chamber of Commerce. Their objectives for the first year include creating a brand, acting as a conduit between the City and business owners, and to become a resource for local businesses to better connect with the community. She also shared previous work of the agency (Blue Ion) they have selected to build their website. They are asking for \$10,000 towards that expense.

Ms. Nemes said she believes their request to be “misplaced” and the Chamber should ask the CVB for the funding of their website. She said that the Chamber of Commerce will include members who are not tourism-related businesses “so I think the people who are collecting and contributing need to be highly represented when we give grants.”

Mr. Burns asked if the Chamber of Commerce intends to become a DMO and contend for the 30% ATAX funds. Ms. Limbach said yes but added that the best way forward is a good working relationship with the CVB. Mr. Burns said the taxpayers deserve a committee that is “cross functional” to where it represents all of the City. He does not want to see another CVB.

Administrator Fragoso said, “I think there are two issues. The request that is coming before the Committee is not to bless or somehow legitimize the IOP Chamber of Commerce as the City’s new DMO. They are not arguing or requesting that. They are requesting for a specific initiative that fits within the tourism-related expenditures that is allowable with the 65% funds that the City holds. I just want to clarify, and if I am not mistaken, that this is a request for a specific initiative that ultimately will promote tourism through the generation of publicity for the island.

Mr. Burns and Mr. Nelson agreed it was a legitimate use of ATAX monies. Administrator Fragoso said the Chamber would have to go through a different process to seek approval as the City’s DMO.

Mr. Sandy Stone, founding Treasurer of the Chamber of Commerce, said that the Chamber will be a member-driven organization that will determine the direction of the works of the Chamber. That direction and the needs of the community will change over time.

Ms. Limbach said the CVB will be paying the remaining \$25,000 of the website costs directly to the Blue Ion Agency for the website. She said the request before the ATAX Committee was at the suggestion of several members of the community and City Council, and “we said we would do our due diligence in trying to fund as best we can by ourselves that we didn’t feel or it didn’t appear that we were fully funded by them because we could see that appearing like we were not independent.”

Administrator Fragoso noted, “We receive requests like this or questions about sources of funding and certainly this seemed to us like something very appropriate for funds from the 65%,

particularly the allotment that City Council approves every year for \$50,000 for programs and sponsorships such as this throughout the year. So yes, it was made as a recommendation that they come forward with the request and certainly be available to answer questions about how they would plan to use this money for the generation of publicity and increased tourism activity on the island.”

MOTION: Mr. Nelson made a motion to approve, and Ms. Muhlig seconded the motion.

Mr. Truslow said that in light of recent statements by TERC he would like more time to consider this request. Ms. Nemes added that they have presented no metrics about putting “heads in beds.” She also said their membership will include bars, and ATAX monies are not to be used for alcohol-related events. She noted their application did not include any insurance. She added that ATAX monies are already paying the CVB for the development of an IOP-specific website.

Mr. Stone said insurance is not needed since they are not an event. Ms. Limbach added that anyone can be a member of the Chamber, not just business owners. Ms. Muhlig indicated that the Lowvelo event will likely serve alcohol and that many ATAX funding requests are for events that serve alcohol.

Mr. Burns agrees there is a tourism component to their request, but he would like to delay the vote so they can receive further advice about funding local chambers of commerce.

Administrator Fragoso said that website initiatives have been supported in the past, but she can get some more information.

MOTION: Mr. Truslow made a motion to table the discussion to allow more time for research. Ms. Nemes seconded the motion. A vote was taken as follows:

Ayes: Nemes, Truslow, Burns

Nays: Nelson, Muhlig

The motion passed.

B. Discussion and consideration of request for ATAX funding from MUSC Hollings Cancer Center for Lowvelo Bike Ride at IOP on November 5, 2022

Rachel Haynie, Event Manager for Lowvelo gave a presentation about the intents and purposes of Lowvelo and provided specific metrics about last year’s events, specifically that 24% of the participants were from outside the tri-county area. She also spoke about their efforts to attract more people from outside the area as well as focusing on ways to better include local businesses and residents in the event. She did not have information detailing how many people stayed on the Isle of Palms last year, but they will include such questioning in this year’s after-action survey. They would like to partner with local businesses to increase the chances of more people staying on the island.

Ms. Nemes said ATAX money is not for fundraisers and must be used for advertising. Ms. Haynie said the Isle of Palms was a sponsor last year and they partner with the CVB to promote the event.

Mr. Truslow suggested there was an issue with the 990s and wanted to ensure there are no financial pass throughs to other organizations. Ms. Haynie said the money stays with Lowvelo.

Ms. Nemes said a review of their budget shows Lowvelo paying other organizations for services that the City is providing them for free. Administrator Fragoso said that the City's Police Department does provide services to them, and Lowvelo also hires extra security.

MOTION: Mr. Burns made a motion to approve, and Mr. Nelson seconded the motion.

MOTION: Mr. Truslow made a motion to amend to have City Council ensure there are no pass throughs before giving money to Lowvelo. Ms. Nemes seconded the motion.

Administrator Fragoso said there is no mechanism in place for City Council to ensure that.

VOTE: A vote was taken on the motion to amend as follows:

Ayes: Nemes, Truslow

Nays: Burns, Nelson

The motion failed.

VOTE: A vote was taken on the original motion as follows:

Ayes: Burns, Nelson, Truslow

Nays: Nemes

The motion passed.

5. Financial Statements – Treasurer Suggs

Treasurer Suggs said there is \$2.6M in cash in ATAX funds as of March 31, 2022. She reviewed the expenditures through March 31, 2022.

She shared a spreadsheet detailing the history of State ATAX distributions to the City over time. She said, "We use this schedule as kind of a basis for estimating what we think is going to happen for FY23. We rely heavily on historical trends."

6. Old Business - none

7. New Business

C. Discussion and consideration of FY23 proposed State ATAX budget

Administrator Fragoso conducted a line-by-line review of the proposed FY23 State ATAX budget for the Committee. She said City Council has seen the budget and will be discussing it further at the April Ways & Means Committee meeting. This is the second draft of the budget and includes changes made by City Council at the Budget Workshop.

The Committee would like to see language included in the notes that matches State law allowing City Council to consider making a change to the current DMO.

MOTION: Mr. Burns made a motion to recommend the approval of the FY23 State ATAX budget to City Council. Mr. Truslow seconded the motion.

Mr. Truslow said he does not feel that 14 minutes is enough time to review and approve the budget. He said TERC said the ATAX Committee should not be “a rubber stamp.” He does not want to vote on something he had not part in preparing.

VOTE: A vote was taken as follows:

Ayes: Burns, Nelson

Nays: Nemes, Truslow

The motion failed.

D. Discussion of ATAX Committee’s roles and responsibilities

Mr. Burns reviewed the responsibilities of the ATAX Committee: to review and vote on approval of the budget of planned expenditures, review expenditures of the DMO at the end of the fiscal year, to review grant applications, and work on special projects as assigned by City Council. The City completes the reporting to TERC on behalf of the ATAX Committee.

Ms. Nemes read a letter dated January 21, 2022 from Mayor Philip Pounds to the members of the ATAX Committee thanking them for the work they had done over the past few months looking into potential alternatives for the allocation of tourism promotion dollars. He encouraged the Committee to return “to its intended purpose of reviewing applications of funds for tourism-related expenses.” Ms. Nemes said she believes the letter creates “total confusion” because it is “in conflict with State regulations.”

Administrator Fragoso said, “At the time that that letter was written, the Committee had already rejected the CVB’s review of their proposed FY22 budget which is something that the TERC committee recently changed and requested local tax advisory boards to look at. That had already been done. The FY22 budget that you all, just like we did today, review and make a recommendation on that had already been approved. Therefore, the remaining tasks that the Committee had for the remainder of the fiscal year essentially is review the programs and sponsorship allocations, which you heard two of them.”

Ms. Nemes would like to see the ATAX Committee have a more active role in the preparation of the budget.

Administrator Fragoso explained that it is the role of the City Administrator to prepare a budget and present the proposed budget to City Council for review, changes, additions, and deletions. She went on to explain the budget formation process at the staff level. Each City committee is asked for their input as well.

Ms. Nemes said she does not feel the budget process allows for resident input. She would like for the Committee to survey the residents and find out what they want.

Administrator Fragoso said that if the Committee has requests, this meeting is the opportunity to bring those forward so they can be discussed with City Council. Mr. Burns said he has some ideas to share and they can be discussed at the next meeting.

Mr. Truslow said he would like to see Mayor Pounds retract his letter as it has the appearance of restricting the Committee.

8. **Miscellaneous Business**

8. **Adjournment**

Mr. Nelson made a motion to adjourn, and Mr. Burns seconded the motion. The meeting was adjourned at 1:27pm.

Respectfully submitted,

Nicole DeNeane
City Clerk