



ACCOMMODATIONS TAX ADVISORY COMMITTEE

1:00pm, Tuesday, July 19, 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, Barb Bergwerf, Chas Akers, Gloria Clarke, Rebecca Kovalich (via Zoom)

Absent: Chrissy Lorenze

Staff Present: Administrator Fragoso, Treasurer Suggs

2. Approval of the previous meetings' minutes

MOTION: Ms. Bergwerf made a motion to approve the minutes of the June 20, 2022 meeting. Mr. Akers seconded the motion. The minutes passed unanimously.

MOTION: Ms. Bergwerf made a motion to approve the minutes of the June 16, 2022 ATAX orientation. Mr. Akers seconded the motion. The minutes passed unanimously.

MOTION: Mr. Truslow made a motion to reorder the agenda to allow for grant application requests to be heard first. Mr. Burns seconded the motion. The motion passed unanimously.

3. New Business

A. Consideration of application for funding from the VFW in the amount of \$30,000 for tourism enhancement program

Mr. George Page and Mr. Buddy Gillam of the VFW came before the Committee requesting \$30,000 in funding for maintenance and upkeep of the VFW post. Mr. Page explained the use of last year's grant of \$15,000 to reimburse for the costs associated with repairing the fence that helps protect sand dunes, the walkway shower which can be used by anyone, and the new entrance and brick courtyard. The entrance is safer, wider, and wheelchair accessible. He said over 1000 people use this space every weekend. He said ten times more visitors than veterans use the sidewalk. Both Mr. Page and Mr. Gillam spoke at length about the ways in which the VFW post supports the island, the residents and visitors, and how it draws people to the island, being the most popular VFW post in the state.

They said they will use the funding to “continue to make IOP and our facility one of the best destinations for servicemen and women, tourists and visitors.” The funding will reimburse the post for the costs of upcoming projects such as fencing, decking, the painting of a mural, roofing, elevator, and work on the front steps and landing. Mr. Gillam noted that the post allows beach access and is used by non-profit organizations for meeting space. Mr. Page said that the post’s visitor log is evidence of how many people it draws to the island.

Membership requirements were briefly discussed.

When asked if the City can award money not tied to a specific project and if the City is exposed to any liability with regards to a construction project, Administrator Fragoso responded, “No, I don’t believe the City is. I would say though that for the spirit of transparency and in light of some of the concerns that this committee has highlighted in the past about wanting to have a mechanism to confirm after a grant has been granted, to have a mechanism to confirm that those funds were used in fact for what the project it was requested. I would courage the VFW to provide a list of specific projects that they would allocate some of this money to, and then in a year or whatever period we deem necessary, maybe in a year or two, we can just verify that those funds were used for those specific purposes. I think that would strengthen the application and would address some of the concerns about what the \$30,000 are going to be used for. Because State law does define tourism-related expenditures as maintenance-type activities in civic and cultural organizations. I think that this would fall under that. But again, just to confirm, trust but verify.”

After further discussion about whether this request was for reimbursement of projects that have already been completed or for future projects, Mr. Page and Mr. Gillam were asked to amend the application to reflect a particular project or projects and come back to the Committee for consideration. It was suggested that the elevator work would be an appropriate project for these funds to go towards.

B. Consideration of application for funding from the Carolina Surf Club in the amount of \$1,000 for the surfcam webpage

Mr. Jim Radley, of Hartnett Boulevard and representing the Carolina Surf Club, came before the Committee requesting their continued sponsorship of \$1,000 to help fund the costs associated with the surfcam webpage. In addition to the surfcam, this webpage provides visitor information related to traffic, parking and lodging on the island. Monthly expenses related to the surfcam webpage are approximately \$350/month. ATAX monies have been used to support the page since 2015 and the City is listed as a sponsor.

Mr. Radley indicated that the surfcam and its sponsorship do not provide income to the club, and that profits are from annual membership dues which support a variety of community social activities.

MOTION: Mr. Truslow made a motion to approve the application from the Carolina Surf Club in the amount of \$1,000. Ms. Bergwerf seconded the motion. The motion passed unanimously.

4. **Financial Statements – Finance Director Debbie Suggs**

Director Suggs said that not much has changed since the June meeting. There is over \$2M in the bank with another \$650,000 anticipated from the 4th quarter ATAX payment net the portion that goes to the CVB. Staff is recommending the approval of the two budget overages from Public Safety.

MOTION: Mr. Burns made a motion to approve the budget overages for (2) Police Dodge Durangos, \$3,430 higher than budget and Fire Self-Breathing Apparatus, \$72 higher than budget. Ms. Bergwerf seconded the motion. The motion passed unanimously.

5. **Old Business**

A. **Discussion and consideration of proposed FY23 budget from the Charleston Visitors Bureau for the City's 30% state ATAX funds for tourism promotion and advertisement**

Administrator Fragoso said this item is back before the Committee at the request of City Council who would like for the Committee to vote on the proposed FY23 budget from the Charleston Visitor's Bureau.

Lori Smith, COO and Chris Campbell, Communications Director of the CVB, returned to answer questions from the previous meeting and to provide additional information regarding their proposed FY23 budget. Revenue sources for the CVB are made up of ATAX monies (~32%), Business/Memberships (~38%), and grants from the State (~29%). A pie graph showed that of the 10 municipalities whose ATAX dollars go to the CVB, the Isle of Palms contributes 3.6%.

Ms. Smith gave an overview of the budget expense methodology that was discussed at length at the June meeting. She also gave a high level review of the proposed FY23 budget of IOP-related expenditures. She spoke briefly about the four websites that provide visitor and business information about the Isle of Palms and a list of those IOP businesses that have responded to the CVB's invitation to be on the IOP-specific websites. The City is working with the CVB to grow that list of businesses.

Ms. Smith said that short-term rental owners benefit from the branding and reputation of the Isle of Palms and the Charleston area. She will provide KeyData to show the efforts of their promotion of the area.

Ms. Smith said that the budget expense methodology has been shared with Kiawah Island. They are waiting to hear from TERC about standardized reporting before they share it with other municipalities. Once they receive that standardized report, they will be able to share an accounting of the FY22 expenditures.

Mr. Akers expressed concern about a heavy investment in print media and how the Isle of Palms is represented alongside the other Charleston area municipalities the CVB represents. He would like to know that IOP is receiving a top representation in the CVB's marketing. Mr. Akers also pointed out that should IOP decide to use another DMO they would not be able to benefit from the tourism promotional grants provided to the CVB by the State. He stressed the importance of continuing to improve the working relationship with the CVB.

MOTION: Ms. Bergwerf made a motion to approve and recommend to City Council the proposed FY23 budget of the Charleston Visitor's Bureau. Ms. Clarke seconded the motion.

Discussion ensued about the City's alternatives for a DMO. Administrator Fragoso reminded the Committee that until the City approves another DMO as eligible for funding, the CVB is the only option. State law directs that the money go to an approved DMO. She confirmed that there is language in the City's FY23 budget that allows City Council to direct some of the 30% funds to another DMO if an eligible option becomes available.

Mr. Burns asked if voting on this motion nullifies the language in the budget. Administrator Fragoso responded, "I don't think it does. You are approving a budget. We pay the CVB quarterly, and as no other option exists, the CVB is the option available today...Once a viable, eligible alternative is identified by Council, then I just don't see what other alternative there is that would be approved by State law."

VOTE: A vote was taken as follows:

Ayes: Clarke, Bergwerf, Akers

Nays: Truslow, Burns, Kovalich

The motion failed.

6. New Business

C. Discussion of recommendation for the City to issue a Request for Proposals in FY24 for the management and expenditure of the 30% State ATAX funds for tourism promotion and advertisement

Mr. Burns asked to discuss with the Committee the idea of issuing an RFP in FY24 for alternative DMOs to potentially share the 30% tourism promotion and advertisement funds. Mr. Burns said he would like more accountability and traceability of the monies as well as an increase in off-season and group sales. He expressed concern that there is no competition in the process.

Ms. Clarke said the newly-formed Chamber of Commerce is not the vehicle for that level of promotion. The City needs an organization that is well tied to the hotels. She also said that \$1M is not a lot of money for a large-scale marketing campaign. Ms. Bergwerf added that it could be years before the Chamber is ready to handle a marketing campaign of that level.

Administrator Fragoso reminded the Committee of the ATAX Taskforce's recommendations to City Council: improve the City's relationship with the CVB while requesting more accountability and direct focus on IOP, support the IOP Chamber of Commerce so that in the future they could "fill some gaps" related to tourism promotion, and for the City to advocate for changes to State law that mandates the expenditure of the 30%. Mayor Pounds is currently working to form a coalition of mayors around the state to pursue changes to the legislation.

Administrator Fragoso asked to understand the assignment Mr. Burns is wanting staff to complete. Mr. Burns said the assignment would be to issue an RFP after the first of the year for the allocation of FY24's 30% funds. He said it could give the Chamber time to put plans together to compete for the 30% funds. He said that while the ATAX revenues have increased, the City has little to no say about how that money is spent.

Administrator Fragoso said, "They [the CVB] have been here two times asking for feedback on the budget and what kind of initiatives or specific focus you want, we want to see, the Committee wants to see. That is what this exercise is for, is to allow this Committee to provide feedback and guidance and essentially ask them, we want to see this. You all have to define what you are not seeing that you want to see and direct them to provide you all a proposal to do what we want to see. That is how I understand the process of them coming with a proposed budget, similar to what they would be submitting through request for proposals."

Mr. Burns said he does not see feedback or interaction over the course of the year. Ms. Clarke and Ms. Bergwerf said that all tourism-related revenues are up and the City does not need constant interaction with the CVB.

Administrator Fragoso asked what it is the Committee can ask of the CVB to get their support. "What kind of feedback can we provide to the CVB, who is currently our DMO, in their workplan that we are not seeing that we would like to see and we are telling them to develop for us for the benefit of the island?"

Mr. Burns said he would like to see an accounting of the FY22 expenditures. He knows that it is not possible to see that prior to approval of the FY23 budget.

Administrator Fragoso said the Committee needs to tell the CVB why their budget was not approved. "If we don't provide that feedback then how can we expect something different that will likely address the deficiencies that we are seeing today? We are not having that conversation, and I think that is a way that we can provide to the CVB some guidance, what from the budget we don't like that we would like to see."

Mr. Akers said he understands the Committee's concerns and challenges. But he said some of the concern is more about the legislation that requires the City to spend this money in specific ways. He believes looking at the law is important. He would like an understanding of the CVB's overall marketing plan and how that is spent "so that we have an understanding that we are getting fair representation of best of the best...More importantly, what has not been brought here that I think everyone needs to understand is really what that value, that additional percentage of matched dollars is and how we benefit from that, and that maybe another organization could not provide because they could, in theory, be doubling the amount of marketing exposure."

7. Miscellaneous Business

The next meeting of the ATAX Committee will be held on Tuesday, August 23, 2022 at 1pm.

8. Adjournment

Mr. Truslow made a motion to adjourn, and Mr. Burns seconded the motion. The meeting was adjourned at 3:24pm.

Respectfully submitted,

Nicole DeNeane
City Clerk