



## **ACCOMMODATIONS TAX ADVISORY COMMITTEE**

**1:00pm, Tuesday, October 18, 2022**

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

### **MINUTES**

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

**Present:** Doug Truslow, Ray Burns, Barb Bergwerf, Chas Akers, Gloria Clarke, Rebecca Kovalich, Chrissy Lorenz

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

#### **2. Approval of the previous meeting's minutes**

**MOTION:** Ms. Bergwerf made a motion to approve the minutes of the August 23, 2022 meeting. Ms. Kovalich seconded the motion. The minutes passed unanimously.

#### **3. Financial Statements**

Treasurer Suggs reported that there is \$2.7million in cash in the ATAX account. No quarterly payments have been received as of yet. She then reviewed the expenditures to date.

Administrator Fragoso pointed out that the new loading zone at the Windjammer, paid for with ATAX funds, came as result of quarterly meetings with local business owners and helps alleviate traffic backups during the season. Treasurer Suggs said the overage for the cost of the fireworks will be brought to the Committee next month for a vote.

#### **4. Old Business -- none**

#### **5. New Business**

##### **A. Quarterly Presentation from the CVB – Laurie Smith and Chris Campbell**

Laurie Smith and Chris Campbell gave a quarterly review to the ATAX Committee including a general vacation rental market overview, a review of the IOP rental market, and recent and upcoming IOP-specific marketing plans via the CVB.

Mr. Campbell shared that traveler behavior is returning to pre-COVID levels. While hotel occupancy seems to be plateauing, vacation rentals continue to grow. The Average Daily Rate has increase 15% over January-September of 2021. Looking forward, the Average Daily Rate is expected to increase 14% from October 22-March 2023.

IOP-specific marketing efforts included inviting all island businesses to list their businesses on ExploreIOP.com, paid Google ads leading people to ExploreIOP.com, videos featuring IOP, paid and unpaid social media posts, digital investment in ongoing paid streaming TV campaigns, a

media pitch event at the Marina and Islander 71, print ad placements, and participation in numerous tradeshow.

Upcoming IOP-specific marketing plans include working with the City's PR & Tourism Coordinator (upon hire), continued push to island businesses to participate on ExploreIOP.com, a new promotional video with a family focus, new photography, continued paid and unpaid social media posts, and IOP-specific ad placement.

Mr. Campbell explained more about how KeyData works with regards to short-term rental data.

Mr. Akers suggested that some of the advertising seems to focus on daytripper types of activities, and he would like to see a concentration on visitors staying on the island overnight.

**B. Consideration of ATAX application from the Coastal Family Vacation Foundation for a \$6,000 sponsorship**

Dina Dockery of Coastal Family Vacation Foundation came before the Committee requesting a \$6,000 sponsorship to help bring a family needing a respite from the effects of cancer treatment to IOP for a week-long all-inclusive vacation during the off season, specifically before the end of May 2023. The Foundation is less than a year old, receiving its 501(C)(3) status at the end of 2021. They have raised money and awarded three families vacations to Folly Beach to date. Families have to be nominated by their doctors. Their ad campaigns are in medical offices in the middle and upstate.

Ms. Clarke said that she did not believe this request promoted tourism on the Isle of Palms.

Administrator Fragoso spoke about the Committee should look to State law when making these decisions. She said, "I reached out to Folly Beach who has provided ATAX funding for this organization and their justification was the fact that it could help in the advertisement for the promotion of tourism to develop and increase tourists attendance through the generation of publicity. It is a very worthwhile organization. As it grows, it can bring good, positive publicity to the Isle of Palms being connected and supportive of an organization like that."

She added that the family would need to live more than 50 miles from IOP.

**MOTION: Ms. Bergwerf made a motion to approve and Mr. Burns seconded the motion.**

Administrator Fragoso said that the Committee has committed \$41,000 of the \$50,000 earmarked in FY23 for sponsorships. The Committee can make a recommendation to City Council in excess of the sponsorship amount, and it will be up to City Council to approve the request.

Ms. Kovalich said that there are other social agencies that can provide for this sort of charity and it does nothing to promote tourism on the island. Both Mr. Truslow and Mr. Burns said they could not find anything in the law that supports this sponsorship request. Mr. Burns said he would like to see how it could be rental income to IOP.

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

Ayes: Bergwerf

Nays: Lorenz, Kovalich, Truslow, Akers, Clarke, Burns

**The motion failed 1-8.**

**C. Discussion of projects and initiatives for collaboration with the CVB within the 30% allocation**

Mr. Burns said he has been speaking with Laurie Smith about the possibility of using some of the 30% funds for other tourism-related projects. He explained one that had been done in Hilton Head that generated information to help market the island.

Administrator Fragoso reminded the Committee that all expenses in the 30% must be used for the generation of tourism, and they should refer to the State statute when making those types of decisions.

Mr. Truslow said he “fundamentally disagreed” with Administrator Fragoso and that promotion means more than advertising. He suggested looking beyond the statute to the courts to find other ways to promote tourism.

**D. Review of ATAX application guidelines**

Administrator Fragoso reviewed the sheet in the meeting packet listing potential information to be requested on a streamlined application for ATAX funding. The goal is to have this application finalized at next month’s meeting so that the application can be posted in December. Previous ATAX recipients will be contacted directly so they are aware of the new application process.

Mr. Akers expressed concern that the new application would not contain enough information for City Council to vote on any funding recommendation from the Committee.

Administrator Fragoso said Committee members should review the draft information and decide what information is good for the application and what are questions better asked in the interview process. Committee members should send their feedback directly to Administrator Fragoso prior to the next meeting so their responses can be considered for the new application.

**E. Discussion of *Post & Courier* Article**

Ms. Kovalich said she would like to be able to answer the question of where the ATAX money goes once the CVB has it.

Ms. Smith answered, “Over the three months that Chris spent back and forth with the journalist, we were asked that question. We responded, and it didn’t make the paper. So when we received monies from the State and accounting to do business with British Airways, we went to our banker at the time who was Wells Fargo and said we don’t want to hedge out bets on exchange fluctuations. We want to go ahead and put this currency that is intended for international promotion into pounds because that is how we were required to pay British Airways. So we went to Wells Fargo who held their funds in the Cayman Islands. So it never mentions that in the

article. Our funds were held with Wells Fargo who held their funds in the Cayman Islands. We have since pulled that money back and left. We still do business with Wells Fargo, but we moved our foreign account to do business with a regional bank, First National. So First National holds their funds in a different location. But we have always been with a valid banking institution when we converted those funds into pounds.”

Mr. Truslow said he believed that the City and the ATAX Committee looked good in the article. He said his takeaway from the article is that the City needs to better communicate its desires to the CVB. He said, “We want the tax money spent to benefit the Isle of Palms rather than have it go somewhere else.”

**6. Miscellaneous Business**

The next meeting of the ATAX Committee will be held on Thursday, November 17, 2022 at 11am.

**8. Adjournment**

Mr. Truslow made a motion to adjourn, and Ms. Bergwerf seconded the motion. The meeting was adjourned at 12:49pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk