



## **ACCOMMODATIONS TAX ADVISORY COMMITTEE**

**11:00am, Thursday, November 17, 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 October 18, 2022 meeting. Mr. Burns seconded the motion. The minutes passed unanimously.

Mr. Truslow asked about the comments he presented after the meeting to be included with the minutes. City Clerk DeNeane said they would be posted alongside the minutes on the website.

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

Treasurer Suggs stated the first quarterly payment from State Accommodations taxes was \$1,471,000, which is 11% higher than this same time last year. The balance in that account minus accounts receivable is approximately \$3.6million. Of that \$1.4million, \$439,000 was paid to the CVB as the City's DMO.

She reviewed the year-to-date expenditures and the over budget expenditures which will be voted on later in the meeting.

#### **4. Old Business**

##### **A. Quarterly presentation from the CVB – Laurie Smith and Catherine Dougherty**

Laurie Smith and Catherine Dougherty presented a year-end report on the activities for FY 22. They reviewed a detailed spreadsheet of marketing expenditures for IOP-specific marketing, marketing expenses shared by the three participating islands, and regional marketing outlays.

Ms. Dougherty gave specific data resulting from both print and internet ad placements. She also shared several examples of the advertisements. She spoke about group sales efforts, in-house publications such as the wedding guide, earned media placements, and organic social media posts.

Ms. Smith stated that the CVB spent \$7.9million on ATAX-eligible expenditures on other advertising efforts, operating numerous visitors' centers, running the various CVB websites, and

the in-house publication of guides that benefit the Charleston region as a whole. She stated the FY22 audit has been shared with Administrator Fragoso and Mr. Burns. She also mentioned that the CVB is looking forward to working with the City's new PR & Tourism Coordinator when that position is filled.

Ms. Dougherty then shared an IOP-specific marketing video. She said they are reaching out to VRBO to create an IOP-specific in-platform campaign to drive users to an IOP-related landing page for short-term rentals. She reported on the popularity of last year's JOY signage around Charleston, stating that one of the signs will be on the Isle of Palms this year.

Mr. Truslow asked about travel and entertainment expenses for the CVB to which Ms. Smith replied the CVB has provided all the information regarding expenditures it is going to provide to the ATAX Committee.

## **B. Review of ATAX application guidelines**

Administrator Fragoso briefly reviewed the previously approved timeline for the ATAX Grant Application process. She asked Committee members for feedback on the proposed questions for the online application. Mr. Burns asked Committee members to share their feedback with Administrator Fragoso by the end of the month so the application can be posted on December 1.

## **5. New Business**

### **A. Consideration of ATAX application from the LENS program for a \$10,000 sponsorship**

Mr. Ted Kinghorn gave a brief background of the LENS Program and shared a list of the founding donors to the program. He stated that the ATAX Committee previously awarded him funds which were used for activities that benefitted citizens and guests of the island. Mr. Burns indicated that ATAX funds are to be used for those who come from more than 50 miles away. Mr. Kinghorn noted that many of the people who attended a recent banquet they hosted were visitors to the island. He said LENS programs indirectly support the community as much as the 65% funds do and the program's efforts help to create a sense of safety on the island which is important for visitor retention.

Mr. Kinghorn shared examples of how LENS has helped visitors in need on the island. Several Committee members commented that they did not see how the use of these funds as described by Mr. Kinghorn helped bring tourists to the island. Mr. Kinghorn argued that he did not see how turtle-related programs or brick pavers bring tourists to the island other than supporting the tourists while they are on the island. He encouraged Committee members to review the LENS website to learn of their community-oriented efforts.

Administrator Fragoso said, "When State law defines what tourism-related expenditures are, which is applied to the 65% of State ATAX funds by which we fund the \$50,000 for these program and sponsorships, tourism-related expenditures include the promotion and advertisement of tourism, but it also has another list of activities or initiatives that could be eligible for funding the criminal justice system, law enforcement, fire protection, and some other

additional ones which are in Section 4 of that state law would apply. I am not advocating...I am just reciting what State law says and in State law there is a section under tourism-related expenditures for law enforcement, so I think if the connection can be made that this program supports law enforcement, I think you can see it from that lens, which is, I think, the lens that was looked at last time they received ATAX funding.”

Ms. Lorenz agreed that people feeling safe on the island will keep them returning.

Ms. Bergwerf asked if TERC had an opinion on the previous funding the LENS program had received. Administrator Fragoso said they had not heard from TERC about that expenditure. She suggested that the Committee could the LENS program’s budget to direct them on how to use the funds for specific tourism-related expenses. Mr. Kinghorn said the program would like to help fund another handicap beach wheelchair.

Ms. Clarke said she would like to see more specific ideas from LENS on how they would spend this money in ways that benefit tourism. Ms. Bergwerf stated that law enforcement is supported by citizen taxpayer monies.

Mr. Truslow said that while he has personally financially supported the LENS program, he believes the original \$10,000 in funding the program from the City should be returned since they have not provided a proper accounting of the expenditure of the funds.

Mr. Kinghorn said he believes their application does give a proper account of how the funds were spent. He said he is happy to receive specific direction from the Committee on how sponsorships should be spent.

Mr. Burns said he would like to table the discussion so that the LENS program can refashion its application based on Committee feedback.

MOTION: Mr. Truslow made a motion to approve the application, and Ms. Kovalich seconded the motion.

Ms. Bergwerf said that she believes the LENS program to be a worthwhile program, but she would like for them to come back with more specific funding requests that “are directly relative to tourism and bringing tourists to the island.” Mr. Akers added that he has an issue with the funds being used as a pass-through to individuals, which is not allowed in the ATAX law. Mr. Truslow said he is disappointed in the lack of transparency and accountability.

Mr. Kinghorn withdrew the application for funding. Mr. Truslow withdrew his motion to approve, and Ms. Kovalich removed her second.

#### **B. Consideration of ATAX application from the Exchange Club for a \$30,000 sponsorship for the seawall and walkway**

Kitty Reilly, Robbie Burke and Pat Gillespie came before the Committee seeking a \$30,000 sponsorship towards the \$228,000 it will cost to build the 244-linear-foot seawall/bulkhead and walkway at the Exchange Club. \$168,000 has been raised so far with \$50,000 coming from the Exchange Club budget. They have also taken out a \$75,000 loan in support of the project.

Ms. Reilly stated that Exchange Club events bring approximately 6,000 people per year to the island, 20% of which are more than 50 miles from the island. Mr. Gillespie added that their parking lot is a popular spot for in and out of state cars to park and enjoy the sunset. Ms. Burke shared that outside rentals of the Exchange Club are increasing and bringing more people to the island.

Ms. Bergwerf said she would like to see a more specific request other than the upkeep of the property.

Administrator Fragoso read from several sections of the ATAX law that could apply to this request: “Tourism-related expenditures, subsection three, construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby road and utilities for the facilities...Subsection five, public facilities, such as restrooms, dressing rooms, parks, and parking lots...Section seven, control and repair of waterfront erosion including beach renourishment. So it would be fair to say that at least you could have the interpretation that this would comply with the law. I would say it was the same justification as you all use for the VFW award.”

Mr. Burns and Mr. Truslow believe the request complies with the law.

**MOTION: Mr. Truslow made a motion to accept the application. Mr. Akers seconded the motion. A vote was taken as follows:**

Ayes: Akers, Truslow, Kovalich, Lorenz, Burns

Nays: Clarke, Bergwerf

**The motion passed 5-2.**

**C. Approval of over budget expenditures in FY23:**

**July 4<sup>th</sup> Fireworks – over by \$2,009**

**Front Beach Holiday Tree – over by \$812**

**Police Department Low-Speed Vehicle – over by \$36**

**MOTION: Mr. Burns made a motion to approve the budget overages, and Ms. Bergwerf seconded the motion. The motion passed unanimously.**

**6. Miscellaneous Business**

The next meeting of the ATAX Committee will be held on Wednesday, January 19, 2023 at 11am.

**7. Adjournment**

Mr. Burns made a motion to adjourn, and Ms. Bergwerf seconded the motion. The meeting was adjourned at 1:09pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk