



ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00am, Tuesday, May 16, 2023

1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. Call to order

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

Absent: Doug Truslow

Staff Present: Administrator Fragoso, Treasurer Suggs

2. Approval of previous meeting's minutes – March 7, 2023

Mr. Burns made a motion to approve the minutes of the March 7, 2023 meeting, and Ms. Clarke seconded the motion. The motion passed unanimously.

3. Financial Statements

Treasurer Suggs reported that there is a \$3.7 million fund balance. The third quarterly payment has been received from the State. She reviewed the expenditures since the March meeting.

MOTION: Mr. Burns made a motion to suspend the rules of order to reorganize the agenda to move the updates from FY22 grant recipients to the top of the agenda, to remove the update from the Make-A-Wish Foundation from this agenda, and to combine the CVB's update with their presentation on the FY24 proposed budget. Ms. Bergwerf seconded the motion. The motion passed unanimously.

4. Old Business

A. Update from FY22 State Accommodations Tax grant recipients

Mr. Ted Kinghorn of the LENS program said approximately 50% of the funds received from ATAX funding was spent on two police-related activities – National Night Out and a police awards banquet. The decision to direct the funds to these two activities came after concern LENS might use the funds in a manner not in line with the ATAX statute. Mr. Kinghorn consulted with the City who suggested these two activities could be beneficiaries of the ATAX funds.

Mr. Burns noted that the original request was not for the funds to be used in this way, but the ATAX statute does allow for the use of funds to support local police activities. He said the remaining 50% will be used on these same activities in FY24.

Administrator Fragoso confirmed that staff discussed the issue with Mr. Kinghorn and suggested the change to where the funds could be spent to agree with the law. “The original application was for the first year of development of this program. There was no history essentially to show the Committee of where the funds were going to be used. The law is broad and does define tourism-related expenditures to include not only the advertisement of tourism and promotion, but also law enforcement.”

Mr. Beau Stallings of the VFW reported that the elevator is due to be installed on June 9 after delays in the supply chain. He said \$22,357 has been paid out so far and the remainder will be paid when the installation is completed.

The invoice for the work at the Exchange Club has been received and the City will pay out the grant money as approved.

Mr. Ryan Buckhannon, President of the Isle of Palms Chamber of Commerce, and Mr. Pete Bohm of Port City Media Company presented social media analytics for both organic and paid media. They have reached over 200,000 on Facebook and over 20,000 on Instagram. They said the goal of their social media is to drive people to their website. They have spent some of the funds acquiring photo and video assets to be used in future social media posts.

B. Discussion and consideration of proposed FY24 State ATAX budget for the expenditure of 65% of State Accommodations tax revenue

Treasurer Suggs explained how the budget is developed and then presented the proposed FY24 State ATAX budget to the Committee.

MOTION: Mr. Burns made a motion to approve the FY24 State ATAX budget as presented, and Ms. Bergwerf seconded the motion. The motion passed unanimously.

5. New Business

A. Consideration of application from Media Services, Inc. for State Accommodations grant funding for the *Isle of Palms* magazine in the amount of \$50,000 in FY24

Mr. Bill Macchio of Media Services, Inc. made a presentation to the Committee of the work he does with *Isle of Palms* magazine and the reach it has in bringing visitors to the island. After some discussion, it was determined that Mr. Macchio request does not meet State ATAX guidelines since he is not yet a 501(c)(3). Administrator Fragoso suggested that he make his request after his company receives its 501(c)(3) status.

B. Discussion and consideration of proposed FY24 budget from Explore Charleston for the expenditure of the 30% of State Accommodations Tax revenue

Ms. Catherine Dority and Ms. Laurie Smith of the Charleston Visitor's Bureau presented the proposed FY24 budget from Explore Charleston for the use of the 30% funds from Isle of Palms' State ATAX revenues. Ms. Dority said she will prepare a full report on FY23 after the close of the fiscal year.

The FY24 budget pulls back on print media and places more emphasis on digital media that is easily tracked. They shared a high-level breakdown of the budget as requested by TERC and reviewed the planned expenditures in FY24. An overarching goal is a focus on booking room nights across the island. There will be an increased reach on streaming services.

Ms. Dority reported that the VRBO campaign has resulted in over \$3.1 million in gross revenues to short-term rentals on the Isle of Palms to date with an average daily rate of \$5,000.

Administrator Fragoso explained the purpose of the planned Tourism Management Plan: “This came as a result of some meetings with the Mayor and Ms. Hill and myself, and certainly Council as a whole, is how do we leverage the resources from the CVB in developing a comprehensive tourism management plan. We know we are a tourist destination. We are also a community for full-time residents, and when you see a lot of the major issues that we are dealing with, it’s always how to balance that essentially dual role of our community. The idea was recommended by folks that have gone through this process. The City of Charleston is currently going through a review. I can send you all their documents so you can see how comprehensive it is. It really gets people thinking into a solution-oriented perspective to try to identify the issues that we are grappling with.” She said the ATAX Committee will be involved in the development of the plan and its timeline. She encouraged Committee members to review the City of Charleston’s Tourism Management Plan. She also shared that the walkability study will identify needed infrastructure to connect the islands bikers and pedestrians.

Ms. Smith spoke about the media efforts and visitor services included in the FY24 budget.

When asked about off-season marketing, Ms. Dority said the VRBO campaign is focused on bringing people to the island September through May. There is also an increased focus on SEO in off-season digital marketing.

Mr. Burns questioned why the City and the CVB use different numbers when budgeting the total amount of monies to be received by CVB from the City’s ATAX revenues. Ms. Smith and Treasurer Suggs stated that the numbers are essentially the same and a product of different methods of budgeting.

Mr. Akers asked for the cost per impression for driving traffic.

MOTION: Ms. Bergwerf made a motion to approve the FY24 CVB budget for the expenditure of the 30% of State Accommodations Tax revenue. Ms. Lorenz seconded the motion. The motion passed unanimously.

Mr. Burns said he believes the CVB’s budget numbers should tie directly to the City’s budget numbers.

C. Approval of over budget expenditures

MOTION: Ms. Clark made a motion to approve the budget overages of \$1,286 for body armor, \$338 for the portable radar sign, and \$4,166 for a patrol vehicle. Ms. Bergwerf seconded the motion. The motion passed unanimously.

6. Miscellaneous Business

The next meeting of the ATAX Committee will be determined at a later date but at a time when the CVB is prepared to present the FY23 expenditure report.

7. Adjournment

Mr. Burns made a motion to adjourn, and Ms. Bergwerf seconded the motion. The meeting was adjourned at 1:06pm.

Respectfully submitted,

Nicole DeNeane
City Clerk