

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, October 2, 2013

The regular meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m. on Wednesday, October 2, 2013 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Jim Covington, Franny Russell, Margaret Miller, David Nelson and Chair Ferencz; Malcolm Burgis and Mary Alice Kreusi were absent, but a quorum was present to conduct business.

1. Chair Ferencz called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meeting's Minutes

MOTION: Mr. Nelson moved to approve the minutes of the regular meeting of August 7, 2013 as submitted; Mr. Covington seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statement – Treasurer Suggs

Treasurer Suggs presented the Committee with the audited FY13 year-end financial statements; the primary change since the Committee last met is the City's receipt of the fourth quarter payment in State Accommodations Taxes. The Treasurer pointed out that the ending fund balance was one million three hundred ninety-one thousand dollars (\$1,391,000), ending the year with revenues over expenditures of one hundred thirty-two thousand dollars (\$132,000). In reviewing historical data, the Treasurer stated that this is the largest ending fund balance that the fund has ever had. Expenditures continue to rise, placing increasing demands on the fund. The Treasurer noted that FY14 expenditures are projected to reduce that balance by about two hundred thirty-seven thousand dollars (\$237,000). Since the City budgets conservatively, the City often ends the year significantly better than the budget projects.

Referring to the schedule entitled "SC State Accommodations Tax – Distribution of Funds Received," the Treasurer stated that the payment for the quarter ended June 20, 2013 was four hundred forty-three thousand eight hundred dollars (\$443,800). The sixty-five percent (65%) that falls under the purview of this Committee totaled four hundred eighty-four thousand dollars (\$284,000). Collections for FY13 were one and six tenths percent (1.6%) higher than FY12.

Mr. Covington asked for the number of rental houses on the island in 2013 versus 2012; Administrator Tucker said that the actual number of rental licenses could be obtained from the Building Department, but she opined that the number has remained relatively steady.

Mr. Covington indicated that, if the City does not issue more licenses and rates do not increase, the increases in State Accommodations cannot continue and will reach a point where they are flat.

Administrator Tucker noted that she receives a weekly report from the Charleston Visitors Bureau (CVB) that compares rates year over year, and she indicated that she regularly checks

rates in the East Cooper area. That report has shown an average daily rate of hotel rooms increasing, but that does not mean that rental housing rates have not stayed steady.

Perrin Lawson of the CVB remarked that the information about hotel rates is correct; he stated that, in many cases; there has not been a lot of room to grow on the occupancy side, so the hotels are pushing rates. The flip side for rental houses is that the rates over the summer months stayed relatively flat, but over the summer more houses were rented. Occupancy for vacation rentals was up six and three tenths percent (6.3%) in June and the daily rate increased slightly then; the rental rate increased to ten and seven tenths percent (10.7%) in July with rates flat; and in August occupancy was up sixteen and five tenths percent (16.5%) with rates flat.

Treasurer Suggs moved on to the balance sheet for the period ending September 30, 2013, showing nearly one million three hundred thousand dollars (\$1,300,000) in the bank. Revenues for the period are limited to a small amount of interest and the proceeds from the sale of two (2) jet skis that had originally been purchased using State Accommodations Taxes. Although there is nothing in the ATAX regulations stating that the City must do return the revenue to the fund, it has been the City's policy historically. The Treasurer then reviewed the expenditures from the fund for this fiscal year; Treasurer Suggs commented that the permitting process for the replacement of the dune walkover at the Front Beach restrooms has started.

Chair Ferencz asked for clarification on payments to the City Attorney from ATAX funds, and the Administrator explained that, when Attorney Halversen performs work related to an ATAX expense, her fees are charged there; this practice is the same for all legal expenses.

Mr. Covington asked when the body-worn digital cameras would be operational; Administrator Tucker explained that, before they cameras can be used, the Police Department must write a protocol, get it approved and add it to their national accreditation manual; therefore, it is a slow process.

Administrator Tucker reminded those present that the Isle of Palms Connector Run is Saturday, October 5, and the Connector will be closed beginning at 7:00 a.m.

5. Old Business

A. Status of Front Beach Restrooms

Administrator Tucker explained that the City staff has backed off from the initial decision and charge from City Council to get architectural services for replacing the Front Beach restrooms. Staff began to talk about the fact that the restrooms are in a V zone and would have to adhere to flood regulations that would require an elevated building of lighter construction, similar to the structure at the County Park, and nothing can be at ground level. The public restrooms also have to be handicap accessible which will require a long ramp or an elevator; in all likelihood, the structure would be wooden and require more maintenance than the existing building. The conclusion is that, a new building is going to require more maintenance and the existing one is not being maintained properly. Building a structure like the one at the County Park means that the City must do something different for maintenance from what is currently being done, which

could mean additional employees for the City. These issues caused staff to step back and reexamine the basis for the replacement decision, which was subjective knowledge, not actual facts; the decision was made to go after the facts. After receiving approval at both the committee level and City Council, a new appraisal has been done and the results should be available this week. When the repairs done in the five-year look-back period are subtracted from the appraised value, the City will know how much money is available for rehabilitation of the existing structure. In addition, a contractor has visited the building and detailed what can be done; he has presented the City with a list that needs to be prioritized before any pricing is attached. In the meantime, the City has stepped up maintenance.

Responding to Mr. Covington's question, Administrator Tucker stated that, if the City decides to repair rather than replace, the project would go out for competitive bid according to the City's procurement code.

Director Pitts stated that this project was going to require that the City "think outside the box" to consider outside changing rooms that would not be subject to the fifty percent (50%) rule.

On the subject of pressure washing the building, a second such service will take this month and again in November. Administrator Tucker expressed Director Pitts' recommendations (1) to shut down the restrooms every day for pressure washing and (2) change the attendant's contract to include this and other different duties, which will be more expensive than the existing contract.

B. Status of Holiday Light Displays

Administrator Tucker stated that one (1) display, a candy cane, has been purchased, and the purchase order has been sent to the vendor to acquire additional displays. The one (1) was purchased to determine the product was quality desired and to take it to multiple locations to make sure the displays could be accommodated. The staff members who are responsible for the Front Beach lights have taken the candy cane to various sites in the Front Beach area to check on the electrical needs of the displays and possible locations to place them. Council has made it clear that the displays should be between 10th and 14th Avenues. Mayor Cronin has succeeded in getting four (4) commitments for preliminary sponsorships; since the Recreation Department works with sponsorships all the time relative to sports activities, the sponsorship duties have been placed under their purview. The Administrator encouraged the members of the Committee to notify Director Page for her follow-up.

Pursuant to Mr. Covington's reference to the James Island County Park, Administrator Tucker related that City staff has been in contact with them, and they have been most cooperative and helpful. The City has asked that they give the City one (1) display to put at the IOP County Park to promote their light show; although they do not have one (1) to give this year, they were receptive to the idea. The Administrator noted that the James Island Festival of Lights began with only six (6) displays. The displays the City is buying include a waving Santa in a fire truck, a waving police snowman, a sunning Santa, animated peek-a-boo elves and a going-home-for-the-holidays car with a palm tree on top; one (1) deciding factor for this vendor was his willingness to customize displays. The price of the displays varies with size and animation; the costs range from eleven hundred dollars to fifty-eight hundred dollars (\$1,100 to \$5,800).

Ms. Russell indicated that she has a representative with Harris-Teeter that she would be happy to contact, and Chair Ferencz remarked that she would contact Baker Motors. The Chair noted that she and Ms. Russell needed to know what the City was looking for in the way of sponsorships and what will the sponsor get in return.

Administrator Tucker stated that a policy has not yet been established, but the City does have a copy of the policy that the James Island County Park uses. Like the James Island Festival of Lights, the park purchased the light displays and then offered sponsorships; a sponsor will need to invest in a lighted sign, so sponsorship does have an expense component. Additionally, the only businesses that have been approached to-date have been local and one (1) media outlet.

When asked about where the displays would be located, the Administrator explained that the locations are dependent upon the availability of power.

Chair Ferencz indicated that she would like to see additional displays purchased each year to grow the program and draw visitors to the island to shop and dine.

6. New Business

A. Report on Replacement of Tidal Wave Watersports Dock

Since a portion of the cost for replacing the Tidal Wave Watersports dock is coming from ATAX funds, Chair Ferencz asked that the Committee be briefed on the status.

Administrator Tucker explained that the replacement of the watersports dock came up on the long-range capital plan for replacement in FY14; therefore, funds were budgeted accordingly. The Administrator explained that the current dock is a residential dock being used in a commercial application. Last year, emergency repairs were made as a result of the dock being undermined in the dredging project, in this budget year, the engineering, design and replacement were planned to occur. In the design process, the City tried to develop a concept that would make the operation of that business more efficient and also ensure that their customers had a pleasurable experience. The proposed design was approved by the Real Property Committee and City Council, and the permit applications were submitted to the regulatory agencies. In the public notice period, the adjacent property owner voiced objections to the design. Efforts have been made to not have a negative impact on City residents by commercial activities. The past couple of months have been spent trying to work out a compromise that will allow the replacement of the dock, where there are certain safety concerns, to make for a more efficient business operation for Tidal Wave Watersports while overcoming the objections of the adjacent neighbor. There have been several modifications offered with the hope of agreement on a design that will not require a modification to the permit, which would likely delay the construction beyond this off-season. Staff is hopeful that a design will be agreed upon at the Real Property Committee meeting on Thursday. The Administrator noted that the engineering and design contract had to be increased due to the additional work to find a design that will meet the needs of the business and be acceptable to the neighbor.

B. Discussion of Transition to Consolidated Dispatch

Based on the less than favorable press that the Charleston County Consolidated Dispatch has received, Chair Ferencz asked that the Administrator update the Committee on the City's transition.

Administrator Tucker initiated her comments by inviting all Committee members to a meeting at 6:00 p.m. on Monday, October 7 at the Exchange Club where Consolidated Dispatch personnel will be present; she encouraged the Committee members to notify their friends and neighbors of the meeting and urge them to attend. At this meeting, residents will have an opportunity to see the difference between what has been happening on the island when a 9-1-1 call is placed and the way that same call will be handled henceforth. The Administrator pointed to her radio and stated that she had brought it to the meeting because she has been more intently monitoring the traffic since the City transitioned at 6:00 a.m. on October 1.

Relative to the negative publicity, Jim Lake and Allison Burrell of Consolidated Dispatch contend that they have found no reason that the call-taker made the deliberate mistakes that she made, but, in the wake of the situation, they have initiated audits at the end of each shift to pick up on any problems before they have an opportunity to put someone at risk.

The Administrator explained that the 9-1-1 emergency service for the Isle of Palms and Sullivan's Island are no longer being dispatched from the Public Safety Building, but from the new dispatch center in Ladson. It was constructed on the highest point in the County for disaster resistance and will also serve as the emergency operations center in a disaster. A second change is that a caller will no longer hear the dispatcher talking to the Fire or Police Department; at the dispatch center, a call-taker answers the 9-1-1 call and, as she is gathering the information and keying it into the computer, the information populates the dispatcher's screen for her to notify the appropriate agency at the same time that the call-taker continues to gather information.

Administrator Tucker stated that there had been a couple of glitches on Tuesday, but nothing vital to public safety, but rather procedural matters. The City is trying to immediately document the incidents communicated to the County, and her first e-mail this morning were reports from the City's Public Safety personnel regarding their resolution. Three (3) of the City's dispatchers transitioned to the new center and will be cross-trained as both call-takers and dispatchers; four (4) dispatchers have stayed in the City's dispatch offices to serve as a fail-safe should a 9-1-1 call from the island take a wrong turn. They will have the ability to intercede as needed. Non-emergency numbers for both the Fire and Police Departments will continue to be answered on the island, as well as the Livability Hotline.

Mr. Covington asked whether the cost to the City was more or less, and the Administrator responded that the net result is less, but initially the cost is greater primarily because the City is maintaining a dispatch presence on the island through 2013 and paying an expense to Consolidated Dispatch. By year four (4), the City zeroes out its financial obligation to Consolidated Dispatch.

7. Miscellaneous Business

After brief discussion, the Committee decided that they will not meet again in 2013.

Chair Ferencz voiced her appreciation for the support she has received from the Committee and noted that it had been a pleasure to serve with them. She will assume a seat on City Council in January 2014.

8. Adjourn

MOTION: Mr. Covington moved to adjourn the meeting at 12:05 p.m.; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk