

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Thursday, November 8, 2012

The regular meeting of the Accommodations Tax Advisory Committee (ATAX) was held at 11:00 a.m. on Thursday, November 8, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Malcolm Burgis, Jim Covington, Franny Russell, David Nelson and Chair Sandy Ferencz, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business. The absences of Mary Alice Kruesi and Margaret Miller were excused.

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 Meetings' Minutes

MOTION: Mr. Covington moved to approve the minutes of the regular meetings of January 4, 2012 and September 5, 2012 as submitted; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.

MOTION: Mr. Nelson moved to reorder the agenda to next discuss Item 5, Old Business related to Spoleto; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

5. Old Business

- A. Spoleto Sponsorship
- B. Revisit Spoleto Advertising

Chair Ferencz recounted that the ATAX Committee had recommended to the Ways and Means Committee that the City again provide at fifteen thousand dollar (\$15,000) sponsorship for the 2013 Spoleto Festival, but Ways and Means did not support that request; therefore, the Isle of Palms will not be sponsoring a performance in 2013. Based on statements made at the Ways and Means meeting, Chair Ferencz believes that Council may look more favorably on advertising with Spoleto.

MOTION: Ms. Russell moved to pursue advertising in the 2013 Spoleto program book; Mr. Burgis seconded.

Mr. Covington asked how much money the Committee was considering, how would the Committee get the camera-ready art and could the City tap resources from the Charleston Visitors' Bureau (CVB) to get the art work?

Administrator Tucker said that the City could approach the CVB with such a request; she commented that the City has requested to use their graphics department in the past and been told that they stay quite busy doing their assigned tasks.

Chair Ferencz remarked that the cost of a full page advertisement in the program book was three thousand dollars (\$3,000) and that the deadline for submission was April 4, 2013. The Chair looked to the Administrator for a response as to who would take the lead in the process.

Administrator Tucker stated that she understands the desire to get more work out of the CVB for the amount of money that the City sends to them, but, if the CVB is not in a position to assist, the Committee should assign enough money to purchase the services of a graphic design firm to assist in developing camera-ready art.

Mr. Covington wanted to know how much would that service cost; Ms. Forster of Spoleto thought the job could be done for a couple of thousand dollars (\$2,000). She opined that the City should consider developing advertising camera-ready art to be used globally – beyond the Spoleto Festival, and she stated that she was not sure that there was a full-page available to the City in the program book. Ms. Forster indicated that she will need a commitment on the advertising space no later than the end of the year; Administrator Tucker remarked that the last Ways and Means Committee meeting for 2012 would be on Tuesday, November 27.

Chair Ferencz reiterated that she envisions the advertisement to encourage visitors to the island in the off-season.

Amendment: Chair Ferencz moved to amend the original motion to include a budget of not to exceed \$8,000 that would be \$3,000 for the full page ad in the Spoleto program book and no more than \$5,000 for developing camera-ready art; Ms. Russell seconded.

Mr. Nelson expressed the opinion that camera-ready art could be obtained for three thousand dollars (\$3,000) and that Council would likely be more amenable to a total amount of six thousand dollars (\$6,000).

Chair Ferencz and Ms. Russell withdrew the amendment and second, respectively.

Amendment: Chair Ferencz moved to amend the original motion to include a budget not to exceed \$6,000 that would be \$3,000 for a full page ad in the Spoleto program book and not more than \$3,000 for developing camera-ready art; Ms. Russell seconded and the motion PASSED on a vote of 4 to 1, with Mr. Covington casting the dissenting vote.

Vote on the Amended Motion: The motion PASSED on a vote of 4 to 1 with Mr. Covington casting the dissenting vote.

Responding to Ms. Forster's question, Administrator Tucker stated that the advertising contract should be sent to her at City Hall.

3. Citizen's Comments – None

4. Quarterly Financial Statement – Treasurer Suggs

Treasurer Suggs informed the Committee that the City has received the payment from the state for the quarter ending September 30, 2012 and that it was the largest payment the City has received, exceeding six hundred seventy-five thousand dollars (\$675,000.)

All schedules generated by the Treasurer for the meeting are attached to the historical record of the meeting.

The Treasurer reported that, since the ATAX Committee's last meeting, the City's annual audit was completed, and the City had a very good year across all funds. City Council decided that the best use of the FY12 surplus was to pay off existing equipment leases on two (2) fire trucks and two (2) Public Works packers; those payments were made effective November 1, 2012 at a savings to the City of more than thirty thousand dollars (\$30,000). A portion of those lease payments has traditionally been paid with State Accommodations Taxes; therefore, the appropriate percentage of the payoff was made from ATAX funds for a total of seventy-three thousand dollars (\$73,000). This amount was paid from the one hundred forty-two thousand dollar (\$142,000) surplus in the ATAX fund at June 30, 2012.

From the balance sheet, Treasurer Suggs reported that, since the interest rate at BB&T is less than half the interest rate at the Local Government Investment Pool (LGIP), she would be transferring a considerable amount of money to LGIP.

When reviewing expenditures, Chair Ferencz asked whether the money budgeted for on-street parking management would be used to pay for the non-traditional signage project; Administrator Tucker recalled that the money would contribute to the signage project.

Treasurer Suggs remarked that a portion of the money budgeted for an off-season event will be used to pay for the festivities planned for the annual tree lighting. Plans for this year include a couple of bands, a Ferris wheel, photo booth, and a climbing wall; the event will run from 3 p.m. to 7 p.m., ending with the tree lighting.

Ms. Russell asked how the event was being advertised; she was told that notices will be in *The Island Eye* and *Moultrie News*, posters will be placed in participating businesses, and notices will on the City's website and the e-newsletters. Chair Ferencz suggested that the City contact the CVB to include the event on their website and December promotional activities.

Treasurer Suggs reviewed the leases that were paid off as follows:

Fire pumper ladder truck	\$ (253.62)
2010 Fire pumper truck	53,486.28
Caterpillar	5,331.49
2008 garbage packer	<u>14,447.48</u>
TOTAL	\$73,011.92

MOTION: Mr. Nelson moved to approve the expenditures totaling \$73,011.92 to pay off equipment leases detailed above; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

Referring to the "Revenue and Expense Projection for 2013," Treasurer Suggs anticipates a deficit in the ATAX fund of seventy-one thousand dollars after payoff of the leases.

6. New Business

A. Request from 2013 Dunlop Junior Tennis Championship, February 16-18, 2013

Dewey Caulder of the Family Circle Tennis Center stated that this junior tournament is in its tenth year; it is a Level 3 event with many out-of-state participants. He commented that the Family Circle has a reciprocal agreement with Wild Dunes, and many attendees stay on the Isle of Palms for various Family Circle tournaments events. He noted that this event would provide a good marketing tool for the island; presently the marketing is accomplished by word of mouth by people who have stayed on the island. Mr. Caulder was confident that the tournament would draw three hundred fifty (350) participants; conservatively, he estimates that fifteen percent (15%) of the participants will stay on the Isle of Palms, generating revenue in of twenty-two thousand dollars (\$22,000). The tournament was seeking a sponsorship of two thousand dollars (\$2,000). He added that the event does track where people stay when here, and he would be able to provide that information to the Committee.

Mr. Covington asked what type of recognition the City would get for its sponsorship dollars; Mr. Caulder responded that they would be more than happy to display a City banner at event locations; the City will be included in all advertising in magazines like *Southern Tennis* and *South Carolina Tennis*; and the City will be recognized in the on-line registration site.

Mr. Covington expressed the opinion that this type of event defines what the Committee is charged to do, and that the City will garner more in accommodations taxes than the event is requesting for a sponsorship.

MOTION: Mr. Covington moved to approve a \$2,000 sponsorship for the 2013 Dunlop Junior Tennis Championship; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.

Administrator Tucker told Mr. Caulder that the sponsorship will also have to be approved by the Ways and Means Committee and the City Council meeting – both will meet on Tuesday, November 27.

Answering a question posed by Mr. Covington earlier in the meeting, Treasurer Suggs stated that the marina debt will be paid off in 2019.

On the subject of leases, Assistant Dziuban explained that, although the ATAX budget will not be paying off equipment debt in future budgets, City Council intends to earmark funds to pay in full for capital equipment rather than lease it; therefore, future budgets may hold allocations to these sinking funds. With the state ATAX requirement to spend funds in two (2) years, Chair Ferencz questioned that the budget could hold money for a longer period; Treasurer Suggs agreed to confirm this plan with the TERC committee.

B. 2013 Meeting Schedule

Chair Ferencz referred the Committee to the two (2) proposed meeting schedules for 2013 – one is bi-monthly and the second is quarterly.

The Committee agreed to meet on January 9, 2013 and moved the July meeting date to July 10th.

MOTION: Mr. Covington moved to meet bi-monthly in 2013; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Next Meeting Date: 11 a.m., Wednesday, January 9, 2013

8. Adjourn

MOTION: Mr. Covington moved to adjourn the meeting at 11:50 a.m.; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk