

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, March 6, 2013

The regular meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m. on Wednesday, March 6, 2013 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee members Burgis, Covington, Kruesi, Miller, Nelson and Russell, Chair Ferencz, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland; 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: Ms. Kruesi moved to approve the minutes of the regular meeting of February 9, 2013 as written; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.**

3. Citizens' Comments – None

4. Financial Statement – Treasurer Suggs

Treasurer Suggs stated that the financial statement for review was through January 31, 2013. At that time, the ATAX fund had a cash balance exceeding one million three hundred thousand dollars (\$1,300,000), and more than one million dollars (\$1,000,000) was invested with the Local Government Investment Pool with the balance in BB&T. The only revenue received was the small amount of interest. Expenditures are tracking normally; the final invoices for the Holiday Street Festival/Tree Lighting have put that expenditure line over by twenty dollars (\$20.00).

**MOTION: Mr. Nelson moved to approve the overage of \$20.15 for the Front Beach Tree Lighting; Chair Ferencz seconded and the motion PASSED UNANIMOUSLY.**

Ms. Kruesi asked Recreation Director Page what the Summer Arts event would be; the Director indicated that the event is as yet undefined. For the FY14 budget, the event has been renamed a cultural arts event, because summer did not seem to be the right time for this event. Last year, the event was a comedienne, but the attendance was not sufficient to warrant continuing. A cultural arts event can be anything and anytime during the year.

A quick review of the revenue and expense projection for FY13 has not changed since the last meeting; according to the Treasurer, the schedule does show the early payoff the capital leases that was actually outside the budget and creates a deficit of approximately eighty thousand dollars (\$80,000). The FY14 budget has not included lease principal or interest payments.

Treasurer Suggs reported that the City did receive the quarterly payment from the state for the quarter ended December 31, 2013 late in February; she then distributed the schedule entitled Distribution of Funds Received. Continuing, the Treasurer stated that the gross payment from the state was in excess of two hundred eighty-three thousand dollars (\$283,000.00), which is a

two percent (2%) decrease from FY12, but the payment for the quarter ended December 2011 included a prior year correction of approximately eighty thousand dollars (\$80,000). Considering that fact, the December 2012 payment was considerably higher than December 2011. When Treasurer Suggs researched the information received from the state which is by taxpayer, she saw that four (4) internet-based reservation companies had paid large amount of money, approximately thirty-seven thousand dollars (\$37,000). The problem is that these numbers do not correlate to the amounts reported by the County with Municipal Accommodations Taxes; the County's numbers are much smaller. The City has, therefore, decided not to recognize this difference as revenue until such time as they can be verified; the money could well belong to another municipality.

Administrator Tucker related that she and the Mayor had met with the Director of the Department of Revenue and a member of his staff about the problems the City is having as it tries to reconcile accommodations taxes from the state to those received from the County. In addition to describing the problems, they offered some possible solutions.

Ms. Russell sought confirmation that the fifteen thousand dollars (\$15,000) for a potential off-season event was available for an event on which the *ad hoc* committee is working, but Treasurer Suggs said that money has been used for the tree lighting. Administrator Tucker explained that there is money in the FY14 budget for another Christmas-themed street festival; if the ATAX Committee wants another event, money will have to be added to the budget.

Chair Ferencz remarked that, since City Council had not approved fifteen thousand dollars (\$15,000) for Spoleto, the money will not be spent; Administrator explained that sponsorship of an event had not been approved, but an advertisement was approved as was the cost for camera-ready art for an advertisement – those expenditures will come from the money assigned to the Spoleto Festival. The Chair suggested that the remaining balance in that account could pay for an event in this year; the Administrator reminded the Committee that they have the ability to do a project out of the fifty thousand dollars (\$50,000) under *Unexpended Projects/Miscellaneous*.

## **5. Old Business**

### **A. Update on 2013 Spoleto Advertising**

Assistant Dziuban recalled that the deadline for the advertisement is April 5, 2013; Council approved six thousand dollars (\$6,000) – three thousand dollars (\$3,000) for the full page ad and three thousand dollars (\$3,000) for camera-ready art. Having waived the twenty percent (20%) to guarantee the ad space, Spoleto has reserved the City's page. Ms. Russell provided Assistant Dziuban with the names of several vendors capable of doing the work; she vetted them in terms of meeting the City's timeline and who had IOP business licenses. A vendor with a very good portfolio has been selected; the quote was only five hundred dollars (\$500). There may be additional expense related to the actual image; the City has three (3) options about which photograph is used; they are:

- If the City has a photograph that is of the right resolution and suits the need, the City can provide it at no cost;

- They have a stock ad the City can use for ninety-five dollars (\$95), but Administrator Tucker insists that the ad must portray the Isle of Palms, not just look like the Isle of Palms;
- If they have to send a photographer the island to take a photograph, the charge will be one hundred fifty dollars (\$150).

The City has selected a company; they have been given their instructions; and they have one month to complete the work.

When questioned about the cost, Assistant Dziuban said that all of the proposals were in the same price range; the vendor selected was not the low bid, but the second low bid. The Assistant voiced her impression that the vendor was hopeful of additional work in the future based on their success with this project.

Chair Ferencz has suggested that a photo from the Recreation Department's contest might be suitable.

#### **B. Update from *Ad Hoc* Committee**

Ms. Russell stated that the Committee had met the previous week to discuss and explore possible events to be held on the island that would put "heads in beds" in the off-season. Their "out of the box" ideas are

- A Shag Weekend – Myrtle Beach has a very successful event; this event would use venues around the island – The Windjammer, Rec Center; seek support from Charleston Shag Club; in the November to February time frame.
- Kite Boarding event – potential national exposure in September or October.
- Expansion of Tree Lighting with lighting displays throughout the island, a trolley to transport visitors around and potentially add fireworks.
- Cycling weekend – research for future years.

Chair Ferencz noted that the light displays had been presented to City Council in the FY13 budget, but Council cut them. She suggested that, by attaching them to the street festival, they might be positively received. Administrator Tucker voiced her opinion that Council liked the idea of the lights, but was opposed to spending the money.

Ms. Russell reported that Mr. Covington had proposed contacting local businesses to sponsor individual lighting displays like is done at the James Island County Park. Chair Ferencz thought that, initially, the businesses should be those from the island before branching out; she said she would love to see displays from one end of the island to the other.

Ms. Kruesi thought that transitioning the tree lighting/street festival into the evening would put people in the City's restaurants and, possibly, into beds on the island.

Chair Ferencz asked Director Page for her opinion of using the money for the cultural arts event to expand the tree lighting/street festival into the evening rather than planning another event.

The Director stated that the current plan for the 2013 street festival was to mimic the 2012 event; it would be tweaked, but not necessarily added to – but she was not opposed to adding to the event. She explained that, with the Recreation staff of seven (7) individuals, it would be difficult to hold too large an event; she added that she had volunteers and Exchange Club members who helped out in 2012. Director Page said that she would support anything the Committee wanted to do to enhance the Recreation Department's program and work with them for the success of the event.

Administrator Tucker cautioned that the City has to be mindful of the allocation of resources; a multi-day event would draw from every department, but then still be operational the next day.

Ms. Kruesi asked what the City would like to achieve with an expanded street festival; the Administrator responded that she would like to improve the revenues for the off-season in terms of "heads in beds" and people spending money in island businesses.

With that in mind, Ms. Kruesi thought that the street festival would have to move into the evening, and she would recommend the light displays or fireworks to encourage dinner and advertise that rates are lower in the winter. Ms. Russell suggested using ATAX money to advertise to get people here and to stay overnight to enjoy the festival, have dinner and be a part of an evening activity. Ms. Russell added that the camera-ready art being developed would be generic to be used for advertising at other times.

A market that the Administrator believes to be untapped is young families whose children are not yet in school that could enjoy the island in September and spring; Ms. Miller added that the home-schooling families likely another untapped market.

If the Committee were to proceed with the concept of a shag weekend, Mr. Covington indicated that he would contact the Charleston Shag Club to find out if they would sponsor with the help of the ATAX Committee; he said they would do the work and the ATAX Committee would assist with funding. Ms. Russell questioned that it would be appropriate to contact an island business, possible Newton Farms, about sponsoring the event; the Administrator said that she did not see any problem with doing that. Director Page suggested that the shag weekend coincide with the street festival, and the bands would be part of the entertainment at the festival. Ms. Russell said the *ad hoc* committee would be working with the Recreation Department on coordinating the two (2) events.

## **6. New Business**

### **A. FY14 Operating, Capital, Long-range Plan and Estimated Reserve Requirements**

Administrator Tucker stated that she thought the ideas presented were really good, and she thanked Ms. Russell for her assistance in finding a vendor for the camera-ready art.

State Accommodation Tax Fund Revenues

State ATAX Revenue	\$ 945,000
Increased over FY13 based on historical trend	
State ATAX Promo	436,000
Paid to CVB by state statute	
Interest Income	2,441
Annualized YTD actual	

State ATAX Transfers Out

To island-wide Beach Maintenance Fund	(50,000)
Add to reserve for long-term beach management	
To island-wide Beach Maintenance Fund	(49,646)
Ongoing monitoring entire coastline	
To General Fund for PT Firefighters	(10,000)
Approx. 30 hrs/weekend for 26 weekends, April through September	
To marina debt service	(178,157)
1/3 of total marina debt service	

State ATAX Expenditures - Highlights  
General Government

Advertising	8,000
Reorder new, larger maps; camera-ready art for ads (if not completed in FY13)	

Ms. Kruesi questioned this expenditure since so many have mapping capabilities with their cell phones. Administrator Tucker stated that the City gets a lot of requests for maps for visitors to get the feel of where they are in relation to other locations on the island; Director Page indicated that they many requests for City maps at the Recreation Center as well. Only the City maps show the locations of beach accesses and handicapped accesses.

Professional Services	40,500
Wayfinding signs & parking management plan Phases III and IV	
Capital outlay	35,000
Replace 2 message boards, possibly with computerized models	

The message boards generated a good bit of discussion, including the fact that Council did not approve them last year, the amount of time that Recreation staff spends changing the existing boards and that new signs would be in the motif of the wayfinding signs.

**MOTION: Mr. Covington moved to remove the electronic message boards from the ATAX budget and moved to an alternate budget within the City; Ms. Russell seconded and the motion PASSED with dissenting votes from Mr. Burgis, Ms. Miller and Mr. Nelson.**

Mr. Covington asked if it would be feasible to change the image on the t-shirts annually and to hold a contest for elementary school children to submit drawings from which a winner would be selected to adorn the t-shirts for that year. The Administrator said that is feasible, but she questioned that the City had staff to accomplish it. This type of contest is best when handled by a

group of people who take the initiative to get it through the selection process; the City staff would then supervise the printing.

Administrator Tucker explained that the t-shirt give-away came into existence with the initiation of the City's website; visitors go to the website and bring the free t-shirt page to City Hall where they exchange their name, address and email address for a free t-shirt. The t-shirt is not a promotion geared to locals, but to out-of-town visitors to wear when they get home and to use the website address printed on the shirts. Assistant Dziuban reiterated the fact the City captures its visitors' email addresses.

Police Department

Non-capital tools	9,500
Scheduled annual replacement of body armor; 19 body-worn digital cameras	

These cameras will be worn on the body and capture everything the police officer is doing when out of his/her vehicle. The cameras will be useful to capture acts of offenders, as well as officer safety; they will also be useful when the City receives any type of complaint since the camera will capture both audio and video.

Mr. Covington questioned police officers taking cameras into private homes; Administrator Tucker explained that an officer only enters a residence when invited by the inhabitant or when there are exigent circumstances in plain view from the door.

Professional Services	100,000
1/3 provision for implementation of beach access parking solutions	

Fire Department – all leases paid off in FY13

Capital Outlay	66,000
Mobile repeater (re-budget), Yamaha jet ski, beach patrol ATV, replace Ford F150	

Public Works – all leases paid off in FY13

Miscellaneous & contingency	11,600
Pooper-scoopers, pooper-scooper stations, beach trash barrels	
Capital outlay	158,000
Re-budget dune walkover at Front Beach restrooms; 25% of garbage packer	

The funds for the garbage packer are one (1) piece of the City's initiative to purchase capital assets and to avoid indebtedness.

Chair Ferencz questioned that the dune walkover at Front Beach had been budgeted in FY13 for eighty-five thousand dollars (\$85,000) and was now ten thousand dollars (\$10,000) higher. Administrator Tucker explained that the dune walkover budget had been revised based on the bids received for the dune walkover currently being replaced; prices have spiked because resources are being sent to the area hurt by Hurricane Sandy.

Recreation Department

Special Activities	48,000
Beach Run, Connector Run, Street Festival, music event, Easter Egg Hunt, sand sculpting, cultural arts event	

Public Restrooms/Front Beach Area

Cleaning and Sanitary Supplies	5,800
Increased based on actual	
Insurance	2,800
Property, liability and flood with a 5% rate increase	

Mr. Covington asked to go on record as being opposed to the body-worn digital cameras for police officers.

**MOTION: Ms. Kruesi moved to add the cost of a minimum of 4 Christmas light displays in General Government under *Capital Outlay*; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.**

The budget as presented shows a deficit of one hundred fourteen thousand dollars (\$114,000) to funded from cumulative surpluses from prior years; typically the year ends differently than predicted in the budget – with a need to draw from the fund balance less than anticipated or with a surplus.

Chair Ferencz reminded the Committee that the deficit would be thirty-five thousand dollars (\$35,000) less than shown since they had removed the message boards from the ATAX budget.

At this juncture, Administrator Tucker directed attention to the schedule headed *Estimated Reserve Requirements*. The Administrator explained that this schedule takes the expenses from the capital plan for the Fire and Public Works Departments and defines the amount to be saved each year in order to replace capital assets in the year they are scheduled to be replaced. If an asset is scheduled to be replaced, but still has useful life, the purchase can be delayed because the money is on-hand when needed.

Option 1 is a pure method of spreading the replacement cost of each vehicle over the years remaining until the scheduled purchase; this method creates huge peaks and valleys in cash on-hand. Option 2 is the result of manipulating the amounts to have a more level savings amount each year while still having the amount necessary to purchase the vehicle when its due; for budgeting purposes, Option 2 is preferable and reflected in budgets.

Not reflected in this schedule is the potential for huge increases in the cost of equipment [the Treasurer has used an inflation rate of two percent (2%)]; also not included is the sale of surplus property; and it does not take into account the interest earned on the savings account.

On the subject of beach restoration and monitoring, Ms. Russell voiced concern about the erosion of Breach Inlet; Administrator Tucker assured her that the City monitors the entire seven (7) mile shoreline. The consultants are confident that Breach Inlet will heal itself as it has

historically, but they do not know how long that healing will take. The next regular monitoring will be in July 2013, and, from that, the engineers will learn if something out of the ordinary is happening.

The final page of the capital budgets represents the City's bonded indebtedness; Administrator Tucker informed the Committee that staff has initiated dialogue with bond counsel regarding the potential of refinancing some of the City's bonds since interest rates are so favorable right now. The City would see significant savings if the refinancing is accomplished; the City may have to pay down some of the bonds in order to refinance which would affect fund balances.

**MOTION: Mr. Nelson moved to approve the FY14 ATAX budget with the removal of the message boards and the addition of holiday light displays; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.**

#### **B. Review of 2013 CVB Marketing**

Perrin Lawson of the CVB distributed copies of the FY 2012-2013 Marketing Programs to members of the ATAX Committee; Mr. Lawson reviewed the CVB's initiatives that will relate to the Isle of Palms. He stated that everything the CVB is doing now is multi-platform advertising with companies like Meredith Publications. The target audience is college-educated individuals and families with a household income of eighty thousand dollars (\$80,000) or more; he stated that the real area of opportunity is the major metropolitan areas east of the Mississippi and particularly the northeast corridor where non-stop air service can be established. A full page ad in *Southern Living* in January specifically about booking your Charleston area beach vacation early; in coordination, a special landing page was created on Charlestonareabeaches.com website with a lot of different packages. This website is constantly being tweaked with new editorial and content, which is true of all other websites of the CVB. The CVB continues to work closely with Trip Adviser, the largest travel site in the world; the CVB is sponsoring pages for the area and local municipalities – a page exists specifically for the Isle of Palms.

Meredith Publications has purchased *Family Fun* magazine from Disney and are in the process of acquiring Time, Inc., which will be *People* magazine, *Southern Living*, *Parents* magazine and many others; this is good for the CVB which has developed a strong relationship with Meredith via the Family Circle Cup. The CVB has a six (6) month promotion running in *Family Fun*, and Charleston was on the cover in February.

Mr. Lawson reported that Jet Blue, with its non-stop service to JFK, an international hub which did not previously have any flights to or from Charleston, Charleston now becomes a destination for international guests. Jet Blue has added a flight from Boston on Saturdays only based on the response to pre-sales.

The CVB has generated a great deal of marketing initiatives relative to having won the *CondeNast* Traveler Award for the second year in a row primarily due to the warmth and friendliness of the residents; the next step is to maintain the level of travel satisfaction to continue to win. Presently Charleston is in the running to host the Travel Specialists Summit, which is a group of approximately one hundred fifty (150) of the world's best travel experts coming together in the fall of 2013.



Mr. Covington asked why the CVB was not involved with television advertising in the Northeast; Mr. Lawson responded that it will happen in the future. Presently, the CVB is doing half of a million dollars (\$500,000) in advertising with Jet Blue as a cooperative effort; they are doing a lot of print with *The Boston Globe* and *The New York Post* – the CVB is funding the effort and Jet Blue is directing how it is used.

### **C. Status of Live Oak Park**

Chair Ferencz stated that this issue was on the agenda to learn whether there were any funding implications for the ATAX fund.

Administrator Tucker stated that the property was purchased by the City using Greenbelt funds; the grant agreement requires a public process to ensure that the public was aware that the property is public and to get input on utilization, which is very restrictive due to the type of funds that were used to acquire it. At the public hearing, input was that the City might want to consider a name change and suggestions to limb it up and to leave it as it is. Signage is required indicating that the property is public and that it was purchased with Greenbelt funds.

The Administrator explained that a name for the park had to be included in the grant application, and, since there are many live oaks on the property, staff thought it was an appropriate name.

Assistant Dziuban added that, according to the grant agreement, the City has three (3) options for the park; they are

- Put up a sign and do nothing else;
- Put up a sign and limb it up; and
- Put up a sign and make it a passive park, which is defined in the agreement as a few unpaved trails, picnic tables, etc.

There were only a few residents at the Public Hearing, and no one spoke on the passive park option. No decision or direction was made.

### **7. Miscellaneous Business**

**Date of Next Meeting: 11:00 a.m., Wednesday, May 1, 2013**

### **8. Adjourn**

**MOTION: Mr. Burgis moved to adjourn the meeting at 12:57 p.m.; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland