

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, April 1, 2009

The regular meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m. on Wednesday, April 1, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were members Linville, Miller, Nelson, Ferencz and Chairman Ward, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. The absences of Mr. Burgis and Mrs. Hollingsworth were excused, but there was a quorum present to conduct business.

1. Chairman Ward called the meeting to order and acknowledged that the press and the 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. Miller moved to approve the minutes of the regular meeting of January 7, 2009 as submitted; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments - None

4. Quarterly Financial Statement – Treasurer Suggs

Treasurer Suggs corrected the agenda by indicating that she would present the February 2009 and year-to-date financial statement. She reported that total cash was \$937,121, and the interest rates were 0.4% at BB&T and 0.579% with the Local Government Investment Pool. The Treasurer directed attention to a schedule of State Accommodations Tax that compared receipts over the past three (3) years and pointed out that the March 2009 receipts were down seven percent (7%) from those of March 2008. In the schedule Treasurer Suggs prepared that anticipated the balance at year-end, the projected June 30, 2009 balance was a surplus of \$38,976 that would result in a fund balance of \$923,479.

MOTION: Mr. Nelson moved to accept the financial statement as presented; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.

5. Old Business - None

6. New Business

A. Request from the Isle of Palms Connector Run and Walk Board of Directors for \$7,500; the event will be held October 3, 2009.

Isle of Palms Recreation Director Norma Jean Page spoke in place of the Board member who could not attend the meeting. She stated that this is an event that the Committee has participated in for many years; she reminded the Committee that ten percent (10%) of the sponsorship money comes back to the Isle of Palms Recreation Center to be used for child-related activities.

MOTION: Mr. Linville moved to approve the request of \$7,500 for the Isle of Palms Connector Run; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

B. Request from Marina Joint Ventures for \$3,000 for a party celebrating the 10th anniversary of the City's ownership of the marina.

Brian Berrigan of Marina Joint Ventures, the City's marina manager and leaseholder for the Marina Market, stated that he and Carla Pope of Morgan Creek Grill, were planning this celebration of the City's ownership of the marina for ten (10) years, as well as to showcase the new bulkhead. The event is planned for Sunday, May 3, and will include live entertainment, a pig picking and lots of activities for children; they explained that they were seeking three thousand dollars (\$3,000) from the Accommodations Tax Committee to defray costs in sponsoring the event.

MOTION: Mr. Linville moved to provide \$3,000 to Marina Joint Ventures to assist with a celebration on May 3 of the 10th anniversary of the City's ownership of the marina; Ms. Miller seconded.

Chairman Ward asked for confirmation that the funds for this event would come from the FY2008-2009 budget, and Treasurer Suggs said that they would. The Chairman sought a motion to table action on this request until after the budget presentation, but no motion to table was made.

Call for the Question: The motion PASSED on a vote of 4 to 1 with Chairman Ward casting the dissenting vote.

C. Review of FY 2009-2010 Budget

Treasurer Suggs noted that she had e-mailed the draft budget of the FY 2009-2010 Budget to the Committee members the prior day. The Treasurer related that she had

spoken at length with Perrin Lawson of the Charleston Visitors Bureau in an attempt to make an educated prediction of future revenues from accommodations taxes based on current trends throughout the area. Based on the economic conditions as they have manifested themselves in the tourism field, Treasurer Suggs took the last twelve (12) months actual revenue from state accommodations taxes and decreased them by fifteen percent (15%), creating a swing of approximately two hundred thousand dollars (\$200,000).

There are also new expenses that impact the projected deficit of \$350,862 for FY 2009-2010; these expenses include one-half of the debt service on the new GO Bond for the marina bulkhead and one hundred thousand dollars (\$100,000) for beach monitoring and a fund for future restoration projects. These are projects that will happen in the fiscal year; the bond closes at the end of April and there is a contract in place for beach monitoring. Additionally, these will be repeated in future budgets for several years. The beach monitoring paid through accommodations taxes will be used only for public beaches; Wild Dunes has its own fund for monitoring its beaches. The third new expense is fifty percent (50%), or \$150,000, of the cost to dredge Morgan Creek at the marina site. The fourth new expense is thirty thousand dollars (\$30,000) that has been budgeted to provide a new roof for the public bathrooms on Front Beach; the skylight in the entry way has leaked for several years resulting in rotted wood in the attic and bathrooms. These last two (2) expenses are both one-time events and will repeat in the budget next year. Treasurer Suggs indicated that the balance of the expenditures were typically included in the ATAX budget.

At this point in the budget review, Mr. Linville asked if there would be money to paint the public bathrooms as well; he did not remember the last time it had been done and stated that they were looking pretty bad. He noted that there were plants growing from the gutters and they probably needed to be replaced. The Treasurer pointed out that there was a five thousand dollars contingency fund that could possibly cover those costs, and she would ask Public Works Director Pitts to get bids for both the painting and gutter replacement.

Treasurer Suggs completed the review of the draft FY 2009-2010 budget stating that this budget ends in a deficit of \$350,862, and she reminded the Committee that there is a fund balance of \$923,479 that could fund the deficit if that is the decision of the City. She reminded the Committee that they could make recommendations about this budget to City Council, but the final decisions on the budget lay with City Council.

MOTION: Ms. Miller moved to accept the draft budget as presented; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.

Ms. Ferencz referenced the on-going demands on accommodations taxes and questioned what would happen next year if the deficit for FY 2009-2010 was funded by the fund balance.

Chairman Ward was clear in his disapproval of funding the deficit with the existing surplus.

Mr. Nelson questioned the need to replace the roof of the public restrooms in this fiscal year; Director Page noted that the present roof has a flat space in the middle, where the skylight is located, and water stands in that area. The skylight has begun to leak and wood in the attic and the restroom has rotted; the entry area under the skylight is becoming dangerous to the island's visitors who use the facilities. The Treasurer informed the Committee that computer equipment related to the Police Department surveillance is housed in the attic, so it is endangered by both the water leakage and the rotted wood.

Mr. Nelson commented that he did not see any way to avoid funding the deficit with the surplus and the Committee and the City should be pleased that the surplus exists.

Ms. Miller expressed her opinion that none of the expenditures appeared to be out of line and the loss of revenues is the issue.

Mr. Ward stated, that, in his opinion, the monies for beach monitoring and dredging could wait another year. He suggested that the Committee take this draft budget under advisement and hold a Special Meeting in May to review another version and, possibly, to make recommendations to City Council to reduce the projected deficit.

7. Miscellaneous Business

MOTION: Ms. Miller moved to hold a Special Meeting of the Accommodations Tax Advisory Committee at 11:00 a.m. on Wednesday, May 6, 2009; Ms. Ferencz seconded and the motion PASSED UNANIMOUSLY.

Next regular meeting: 11 a.m., Wednesday, July 1, 2009

8. Adjourn

MOTION: Mr. Nelson moved to adjourn the meeting at 11: 46 a.m.; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.