

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, April 4, 2012

The regular meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m. on Wednesday, April 4, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee members Burgis, Covington, Miller, Russell and Chair Ferencz, City Administrator Tucker, City Treasurer Suggs, and City Clerk Copeland. The absences of Ms. Kreusi and Mr. Nelson were excused; 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. Burgis moved to approve the minutes of the Special Meeting of March 22, 2012 as submitted; Mr. Covington seconded and the motion PASSED UNANIMOUSLY.**

3. Citizens' Comments – None

### 4. Financial Statements – Treasurer Suggs

From the balance sheet, the Treasurer noted that the State ATAX Fund has an excess of one million ninety thousand dollars (\$1,090,000) in cash at BB&T and invested with the Local Government Investment Pool (LGIP). Since the January meeting, the City received the money for the December 2011 quarter totaling two hundred sixty-nine thousand three hundred forty-four dollars (\$269,344); this amount included payment to the City of an error from a prior year of eighty-two thousand dollars (\$82,000). In the review of expenses to the ATAX Fund from the last meeting, the money budgeted for irrigation at the Breach Inlet Sign has been depleted for the year with three (3) months remaining in the fiscal year.

**MOTION: Ms. Miller moved to increase the budget for Breach Inlet sign irrigation by two hundred dollars (\$200); Ms. Russell seconded and the motion PASSED UNANIMOUSLY.**

**MOTION: Mr. Covington moved to add \$59.62 to the Lowcountry Blues Bash, \$443.00 for the Public Works pickup truck, \$331.40 to the Easter Egg Hunt and \$5.52 for the Christmas tree lighting; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.**

The next schedule shows the projected FY12 surplus in the ATAX fund as being just short of eight hundred forty-one thousand dollars (\$841,000), having removed from expenses the amount budgeted for the Ocean Boulevard parking nodes.

On the issue of parking, Administrator Tucker noted that City Council has directed staff to investigate hiring a traffic engineer to assist with way-finding signs and getting an encroachment permit from SCDOT for such signs; if this expense occurs in this fiscal year, the amount funded for the nodes will likely be the source of funds for the engineer.

**5. Old Business**

**Consideration of Adopting Rules of Procedure**

Chair Ferencz asked about the twenty-four (24) hour notice for meetings; Administrator Tucker responded that the twenty-four (24) hour notice makes is possible for the rapid assemblage of the Committee should it be needed.

**MOTION: Ms. Miller moved to adopt the Rules of Procedure as presented; Mr. Burgis seconded.**

The Chair asked whether the Rules of Procedure should be adopted every year; the Administrator recommended that the Rules be adopted when the makeup of the Committee changes.

**VOTE: The motion PASSED UNANIMOUSLY.**

**6. New Business**

**A. Consideration of Support for WiFi on Front Beach**

Mr. Covington had been asked at the March 22<sup>nd</sup> meeting to investigate further into the requirements and costs to the City; he reported having spoken with the company that had worked with Goose Creek and distributed a handout showing the costs and hardware installations in Goose Creek. Mr. Covington reported that Google had partnered with Goose Creek and provided a grant totaling one hundred sixty-four thousand dollars (\$164,000) for the equipment, installation and maintenance for three (3) years of a WiFi system for the City. The young woman in Columbia with the hardware provider, Diagnostic Computer Systems, was very familiar with the Isle of Palms and agreed that equipment installed at the marina, Front Beach and the Recreation Center would provide wireless internet to the entire island. In addition, she told him that, once Goose Creek had the money, the implementation took about a year and involved engineering, acquiring an internet provider – either Comcast or AT&T, and the installation of the hardware. Comcast gave Goose Creek a large discount in return for advertising on the splash page; Mr. Covington thought a first step would be finding out if Comcast or AT&T would give the same deal to the City. If an agreement was made with an internet provider, then the City would ask the company in Columbia to do the engineering to determine what the hardware and installation requirements would be and to generate a cost to the City for a WiFi system. Based on the information he got, he thought the City's budget would be impacted in FY14; he stated that the project was certainly do-able, and it was certainly something that visitors wanted.

On the question of when to present the project to City Council, Administrator Tucker did not recommend that the Committee invest a lot of work on the idea if City Council was going to reject it. Mr. Covington countered that no company would be interested in investing in the engineering without an indication that the City was going to carry through with the project.

The Administrator added that the City would be interested in how Goose Creek managed to handle this project from a procurement standpoint; with the dollar amounts quoted, the City would be required to go out for competitive bids. The Administrator opined that the grant may have stipulated a particular vendor, or the vendor may be on state contract.

Mr. Covington gave Goose Creek the money with the stipulation that a password was not required; if the City were to have to pay Comcast, the agreement could be that a password was required.

Chair Ferencz clarified with Mr. Covington that the WiFi was something that tourists were requesting when they rent property at the Isle of Palms; therefore, the use of ATAX funds for it was justifiable. The Chair then asked whether she foresaw problems with that logic; Administrator Tucker responded that the marina and Front Beach would certainly be justifiable as spots that are heavily visited, but she thought the Recreation Center could be questionable.

Mr. Covington said that the Recreation Center could be eliminated as an antenna site; each antenna covers a specific number of square feet of area.

Chair Ferencz referenced the fact that City Council has rejected the concept in the past; the Administrator did not remember the specifics of when in the budget process the costs were removed. The City had gotten quotes from its internet provider, and the proposal had been made when the technology was cutting-edge, not like now when everyone functions wireless on some level.

The Administrator suggested that what the ATAX Committee was seeking from City Council was a nod about whether WiFi is worthy of exploring at this time, but she believes that meaningful questions still need to be answered, for instance, did Goose Creek Bid the project? If not, why? Is there any interest from an internet provider?

When the suggestion was made about presenting the idea to Ways and Means, Chair Ferencz asked to be added to the April 17<sup>th</sup> agenda; Administrator Tucker reminded the Chair that the agenda is at the will of the Committee chair, but that the subject could be included in a draft to be presented to the Chair for approval.

- B. Review of FY13 Budget**
  - 1. Holiday Fireworks**
  - 2. Winter Carnival**
  - 3. Brochures**
  - 4. Spoleto Program Ad**

#### Revenues

State Accommodations Tax Rev – Related	\$841,000
Based on 12 months actual less \$82,000 correction	
State Accommodations Tax – Promo	388,000
Based on 12 months actual less \$82,000 correction	

Sale of Assets	5,500
Sale of '07 Chevy Impala, '07 BSO Ford Ranger & '08 Ford F250 (25% with ATAX funds)	
Interest Income	2,841
Annualized YTD actual	
Transfers Out	
Island-wide Beach Maintenance Fund	(50,000)
Add to reserve for long-term beach management	
Island-side Beach Maintenance Fund	(61,410)
Ongoing monitoring entire coastline	
To General Fund for PT firefighters	(10,000)
Approximately 30 hrs/weekend for 26 weekends, April through September	
To Marina Debt Service	(172,831)
1/3 of total marina debt service	
State Accommodations Net Revenues	<u>943,100</u>

Chair Ferencz questioned the increase of eleven thousand dollars (\$11,000) in the ongoing monitoring for the entire coastline; Administrator Tucker stated that the dollar amount reflects the contracted amount for the new contract. The Administrator explained that the importance of beach monitoring is that the monitoring indicates where the beach has reach specific triggers in erosion, where the beach is gaining sand. In disaster planning, the only way to secure federal dollars after a storm to do beach restoration is if the City can tell the government what the beach looked like before the storm.

Expenditures – General Government

Water and sewer	600
Increased to reflect actual	
Advertising	25,000
Provision for professional marketing program; based on Committee discussions, this is an estimate for hiring a design firm to develop and print a brochure	

Mr. Covington asked if this would be a one-time expense; Administrator Tucker stated that it has been her experience that the design will need to be re-done after three (3) years; people tend to get tired of the old and want a new design.

Responding to the Chair's question about where the brochures would be distributed, the Administrator said the brochures would be at real estate offices, sent to people who contact the City for information, through the Charleston Visitors Bureau, and at Spoleto venues.

Professional Services	15,000
Provision for implementation of on-street parking management program	
Programs/Sponsorships	78,750
July 4 <sup>th</sup> Fireworks (\$28,750); miscellaneous events/advertising as approved by ATAX Cmte.	

Chair Ferencz asked, if the July 4<sup>th</sup> fireworks program was to be substituted by a winter fireworks event, how would it be reflected in the budget? Treasurer Suggs said that she had added a winter fireworks display to the FY13 budget under the Recreation Department.

Mr. Covington expressed support for a winter fireworks event, maybe New Year's Eve, and not having fireworks on July 4<sup>th</sup> when the island is full of tourists anyway.

Administrator Tucker stated that the Recreation Director favored having the fireworks display in combination with the annual tree lighting early in December and not replacing the July 4<sup>th</sup> display. In addition, the Administrator recalled that the City has a long-term contract with Zambelli's and it may not allow for a change in the time of year.

**MOTION: Ms. Russell moved that the Staff get quotes from Zambelli for having two (2) fireworks displays, one July 4<sup>th</sup> and a second in the winter; Mr. Burgis seconded; the motion PASSED UNANIMOUSLY.**

Tourism Promotion General	26,000
Website T-shirt giveaway (\$12,000); ongoing website maintenance including disaster recovery (\$11,000); reorder City maps (\$3,000)	

The Chair questioned that the maps should be classified as advertising, rather than in this category; Treasurer Suggs said that she would reclassify the amount.

By way of clarification, Administrator Tucker explained that the disaster recovery aspect of the website is having the computer data and systems maintained dually offsite so that, when the City experiences a major storm event, the City can get all systems up and operational very quickly.

When asked how the staff arrived at the figure of twelve thousand dollars (\$12,000) for t-shirts, the Administrator explained that the T-shirts are very popular with visitors to the island. The reason that the amount spent year-to-date is low is due to the fact that the City is in the process of getting a new design on the shirts and has held off ordering until that design can be incorporated.

Treasurer Suggs noted that, when people come for a T-shirt, they give the City their email address, so that the City stays in contact with them with the City's newsletter.

#### Police Department

Police Department capital outlay	66,000
Replace 2 of 6 patrol vehicles and BSO pickup truck	

The Administrator explained that the dollar amount is considerably larger than in the prior two (2) years, because, while City vehicles are on a six (6) year rotation cycle, in the year these vehicles were purchase, the City increased the number of patrol officers on the streets, thereby increasing the number of vehicles in the fleet.

#### Fire Department

Capital outlay	22,000
Mobile radio repeater (\$12,000), Yamaha jet ski (\$10,000)	

Mr. Covington asked what would happen to the jet ski being replaced; the Administrator replied that the City sells used equipment, and the proceeds from the sale go into the fund that was the source for the original purchase. Administrator Tucker directed his attention to the revenue section of the budget where line 8 references "sale of assets." The sale of the jet ski is not indicated in the FY13 budget; Treasurer Suggs said that she would research the funding source for the purchase.

Public Works

Capital Outlay	165,290
Re-budget dune walkover at Front Beach restrooms and another dune walkover TBD (\$80,000)	

The Administrator explained that the City typically budgets for the replacement of one (1) dune walkover each year and is constantly on the lookout for more long-lasting and less maintenance materials from which to construct the walkovers. Director Pitts learned of a concrete-based product that looks like wood from which to replace the walkover at the public restrooms; issues related to the dunes have forced the City to get a permit from OCRM to replace this walkover. For this reason, the City may not complete the work in this fiscal year; therefore, the funds from the FY12 budget are being re-budgeted to FY13, in addition to the set aside for a repair/replacement in FY13.

Recreation

Special Activities	47,700
Tree lighting fireworks (\$15,000), Blues Bash (\$7,000), Beach Run (\$3,000), Connector Run (\$7,500), Tree lighting (\$5,000), Egg Hunt (\$3,200), Sand sculpting (\$3,000), Summer Arts event (\$4,000)	

Responding to the Chair's question, Director Page said that the spring arts event would be a comedian.

Public Restrooms, Front Beach Area Maintenance

Water and sewer	14,000
Increased based on actual	
Maintenance and service contracts	10,000
Increased based on actual	
Insurance	2,594
Property, liability and flood with an estimated 5% increase	
 Total ATAX FY13 budget	 <u>\$1,076,989</u>
 Amount to be funded with cumulative surpluses	 <u>\$ 133,889</u>

Chair Ferencz asked whether the Treasurer had gotten a response from the Tourism Expenditure Review Committee (TERC) relative to the question about reserving a portion of ATAX funds for a long-term disaster recovery; Treasurer Suggs stated that she had not yet gotten a response. The Chair then asked whether a sum should be earmarked in the FY13 budget, because if not noted, the ATAX fund would show more money than was truly available.

Treasurer Suggs voiced her understanding from the meeting of March 22 that the funds reserved for disaster recovery would remain in the ATAX fund as a reservation of fund balance in which case there is no revenue or expense impact to be noted in the budget. The Chair suggested that the reserved amount be indicated on a separate line that would allow for the amount of available funds to be properly displayed.

Mr. Covington asked where the money to fund a Spoleto event was in the budget; Treasurer Suggs directed his attention to page 1 "Programs and Sponsorships." The money for a Spoleto event would come for the fifty thousand dollars (\$50,000) available to the Committee for funding requests that come before the Committee. Mr. Covington expressed interest in eliminating any involvement with Spoleto in FY13, because people who visit the lowcountry to attend Spoleto performances do not stay at the Isle of Palms. The Treasurer explained that representatives of the Spoleto Festival apply for funds from the Committee in October, and the Committee was not obligated to approve the application.

The Chair stated that she and Mr. Covington wanted to change from spending money in the summer to spending September through March to draw people to the island in the off-season and what events could be put on that would cause that to happen. For Spoleto, Chair Ferencz said that she was interested in placing an ad in the program brochure advertising Isle of Palms as an ideal destination from September through March; she explained that the distribution base for the brochure is huge, but the City needed activities to draw people. The Chair asked for guidance on how to get activities during that time period and how to market to lure people here.

Perrin Lawson, of the Charleston Visitors Bureau (CVB), stated that the focus of advertising changes from September through March; it changes from family-oriented events/activities to empty-nesters and corporate meetings.

The Chair added that, for any advertising, the City needed to hire the services of a professional to create an ad that is camera-ready and that could be used anywhere. She questioned whether staff had provided for that service in the "advertising" line of the budget, as well as the professional services to generate a brochure. To accomplish this, she suggested reducing the fifty thousand dollars (\$50,000) in "programs/sponsorships" by the amount normally used for Spoleto and to add it to the "advertising" line to finance this professional assistance.

Mr. Covington asked Mr. Lawson if representatives of CVB attended tourism trade shows out of state in Ohio, Pennsylvania, for instance. Mr. Lawson indicated that they attend golf trade shows all through the winter months in Chicago, Boston, Columbus, Milwaukee and Philadelphia, but the majority of trade shows the CVB participates are on the corporate meeting, association, and group travel. The CVB is promoting the entire area, especially the beaches, year-round with a different emphasis depending on the time of year.

Mr. Lawson distributed a handout that was titled "FY2011-2012 Marketing Programs" that he reported contains the information on what the CVB does in the way of advertising for the area from print to broadcast to electronic media that all ties in with the trade shows depending on the time of year and the market and what the CVB is trying to do. He reported that the number of people flying in and out of Charleston International Airport has gone from just under fifteen

percent (15%) to just over twenty-two percent (22%) in the past year; all tied to having Southwest Airlines coming to Charleston. The Chair opined on how effective it would be for the Isle of Palms to have an ad in the Southwest Airlines magazine.

At this point, Chair Ferencz questioned that the City should have someone on staff to plan events and handle advertising. Administrator Tucker replied that, historically, City Council has been extremely conservative about adding personnel, even those paid by ATAX funds. The Chair then posed a question about paying the salary of this new person from ATAX funds; to which the Administrator stated that the City has not made it a practice to pay salaries of full-time employees from ATAX funds, because, in an economic downturn a person's job could be in jeopardy. The Administrator concluded that it was do-able.

Mr. Lawson stated that the best opportunity to get people to come in the off-season is to create an event to draw them; doing things that are less weather and/or ocean dependent and will showcase the other assets of the island. Anything that the City decides to do can be promoted through the CVB and its many resources; for example, no one in the area is doing fireworks at New Year's that was mentioned earlier. Mr. Lawson reported that the CVB has received fifty-five hundred (5,500) requests solely about beach rentals in the area in the first three (3) months of this year.

Another idea that was brought up at the March meeting was the possibility of moving the Beach Run to the spring or early fall from the date at the end of July this year. The Administrator remarked that the Beach Run is a very popular event that has a strong following; possibly another run could be added to the schedule.

Treasurer Suggs suggested that the summer arts event could be moved to the spring or fall as an out-of-season draw.

Chair Ferencz voiced the opinion that the brain-storming on events was good, but the City needed an events coordinator to carry them out; Administrator Tucker stated that the Committee should entertain budgeting for an events planner. Mr. Covington stated that the Committee should decide what the event is to be before looking to hire someone to carry it out. The Chair then asked for volunteers to be a sub-committee to research a winter event; Ms. Russell and Mr. Covington volunteered.

Administrator Tucker understood the Committee not wanting to increase the budget, but at the same time wanting to do some things; she urged the Committee to put money into the budget to support the things they want to do. If the money is not in the budget, the idea does not get beyond the talking stage because there is no money set aside to carry it through. The Administrator told the Committee that, if they are trying to convey a message to City Council that they are interested in seeing the City do more and different things, the Committee should use some of the surplus to increase line items to potentially accomplish those things and get it before Ways and Means to gauge their level of interest. Administrator Tucker commented that there is no harm in adding money to the professional services line for a design firm to develop advertising for the City or an event planner to put together a new, off-season event; if the Committee is serious about having these ideas become reality, they need to put the ideas before Council for discussion.



Mr. Covington suggested budgeting twenty-five thousand dollars (\$25,000) for a winter promotion; Administrator Tucker asked if that was to be money to hire an event planner or money for an event because it was not enough money to do both. The Administrator recalled the City's fiftieth anniversary that took a year's planning for the City staff and a budget of fifty thousand dollars (\$50,000).

Chair Ferencz wanted an increase to the budget to convey to Council that the Committee has a different attitude – to move forward in doing things during the off-season; she suggested that fifty thousand dollars (\$50,000) be added to the budget designated as winter activity/promotion outsourcing the services of an event planner.

Ms. Russell agreed that the fifty thousand dollars (\$50,000) already in the budget for programs and sponsorships be left as is and to add to it for Council to discuss and act upon.

At 12:50 p.m., Ms. Miller asked to be excused from the meeting for a work commitment; the Chair agreed.

Mr. Covington remarked that he did not think Council would approve an increase of fifty thousand dollars (\$50,000); he thought that one (1) line item should be reduced and another increased. The Chair suggested that the notes for "programs and sponsorships" be changed by eliminating "miscellaneous events/advertising as approved by ATAX Committee" and inserting "potential off-season event(s)." In addition, the Chair suggested adding twenty-five thousand dollars (\$25,000) to "professional services" to be defined as contract event planner for off-season event.

The WiFi would be a capital outlay for one hundred forty thousand dollars (\$140,000) and contract services for the twelve thousand dollars (\$12,000) for support costs for years 2 and 3.

**MOTION: Mr. Covington moved to approve the following budget changes: adding \$140,000 for "Capital Outlay," General Government for WiFi, adding \$25,000 for professional services, and re-classing \$3,000 out of "tourism promotion general" to "advertising;" Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.**

**MOTION: Mr. Covington moved to approve the FY13 ATAX budget as amended; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.**

## **7. Miscellaneous Business**

Next Meeting Date: 11:00 a.m., Wednesday, July 11, 2012.

## **8. Adjourn**

**MOTION: Mr. Covington moved to adjourn the meeting at 1:56 p.m.; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk