

Accommodations Tax Advisory Committee

11:00 a.m., Wednesday, May 1, 2013

The regular meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m. on Wednesday, May 1, 2013 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Malcolm Burgis, Jim Covington, Franny Russell, Margaret Miller, David Nelson and Chair Sandy Ferencz, City Administrator Tucker, Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business. Mary Alice Kreusi's absence was 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 Meeting's Minutes

MOTION: Mr. Burgis moved to approve the minutes of the regular meeting of March 6, 2013 as submitted; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. **Financial Statement** – Treasurer Suggs

Treasurer Suggs noted that the financial statements being reviewed were through March 31, 2013, and cash totaling more than one million four hundred twenty-five thousand (\$1,425,000) is divided between BB&T and the Local Government Investment Pool. The only revenue since the last meeting is in the form of interest earned on funds invested, and expenditures were what would be expected at this time of year. The supplies for painting the new trash barrels created an over-budget amount of two hundred fourteen dollars and thirty-nine cents (\$214.39); a second over-budget expenditure of twelve hundred seventy-six dollars and sixty-two cents (\$1,276.62) occurred with the outfitting of two (2) new Impala patrol vehicles.

MOTION: Mr. Nelson moved to approve the over-budget expenditures; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.

On the schedule titled "SC Accommodations Tax – Distribution of Funds Received," the Treasurer explained that the thirty-seven thousand dollars (\$37,000) that appears as a negative is money the City received from the state that the City believes to be an overpayment related to on-line travel companies. Until the City receives a reconciliation between the State's accounting and Charleston County's accounting of these funds, the City is not going to recognize it as revenue.

Since no new activities have been approved, Treasurer Suggs stated that there has not been a change to the projected FY13 year-end fund balance since the March meeting. Administrator Tucker noted that the projected deficit is primarily attributable to the early payoff of all capital leases for seventy-three thousand twelve dollars (\$73,012).

5. **Old Business**

A. Update on 2013 Spoleto Advertising

As the advertisement was passed around by the Committee, Assistant Dziuban reported that the City had met the Spoleto deadline for getting the ad in the program book. In addition, the ad will be in the *City Paper* magazine promoting the area beaches. She explained that the cost for the ad had come in significantly under budget since she and Administrator Tucker had generated the copy of it.

Mr. Covington asked why a scene of the creek had been used instead of a picture of an empty beach. Assistant Dziuban explained that to avoid the expense of a photographer, she and the Administrator searched archival photographs, and nearly all of the pictures of the beach show it as crowded with people. In addition, there were also specifications that the photograph had to be of a specific resolution and there had to be enough empty space to add the copy.

B. Report from Ad Hoc Committee

Mr. Covington reported that he had spoken with members of the East Cooper Shag Club about having a shagging weekend on the island; they explained to him that such an event takes hundreds of hours of work, and it is hard to get that kind of assistance for a non-profit. If an event can be put together, it will not be in the near future.

Ms. Russell related that she had spoken with the Charleston Cycling Club about a cycling event/weekend; it too would have to be in the late fall of 2014.

Mr. Covington asked the City Administrator if there was any possibility of partnering with a state agency to hold a state-sanctioned shag weekend since the shag is the state dance. Administrator Tucker indicated that possibly such an event was already happening somewhere in the state and added that state sources of funds are practically non-existent.

Chair Ferencz pondered the idea of seeking volunteers from the island to handle the logistics of holding an off-season event. Ms. Russell indicated that the *ad hoc* committee would meet again to discuss options and feasibility.

C. FY14 Budget – Operating, Capital and Estimated Reserve Requirements

Administrator Tucker explained that a major change in the ATAX budget had occurred when the fund balance schedules had been updated with FY14 projections; that update indicated that, since the marina dredging had cost approximately twice the budgeted amount, the marina fund could not sustain the cost of replacing the waverunner dock. This dock pre-dates Hurricane Hugo and was originally a residential dock; it experienced a failure when the dredging was done and was given a temporary fix to get through the season; therefore, its replacement cannot be delayed. One half (½) of the cost of replacing the dock has been added to the ATAX FY14 budget in the amount of one hundred eighty thousand eight hundred dollars (\$180,800)

The Administrator directed the Committee's attention to the fund balance schedules and explained that these schedules include final audited numbers to which are added the following year's revenue and expenditures, arriving at the following year's expected balance. Included in

the fund balance schedule for the first time is the savings of fund balance to pay cash for future assets, primarily garbage trucks and fire apparatus; the amount of ATAX funds to be reserved is two hundred fourteen thousand nine hundred seventeen dollars (\$214,917). Treasurer Suggs noted that this amount of money will not be spent, but held in the ATAX fund as reserved for future purchases.

Chair Ferencz expressed concern that the FY14 projected fund balance is less than one million one hundred thousand dollars (\$1,100,000) and asked Committee members if they thought items should be cut from the FY14 budget in an effort to make up for the money used for the waverunner dock.

Ms. Russell explained that her understanding of the mission of the ATAX Committee to be one of funding activities/events to “put heads in beds” on the island and that cutting any of those would seem to be contrary to their purpose.

Mr. Covington asked if the state had limitations on the percentage of ATAX funds that could be used for operating expenses. Administrator Tucker remarked that municipalities that receive nine hundred thousand dollars (\$900,000) in ATAX funds can use funds for infrastructure/service items or salaries that can be directly attributed to tourists; for instance, the City pays for additional part-time firefighters that are needed on the island during the tourist season and pays for temporary staffing for the twice a week garbage collections in the tourist season – neither of these services would be necessary if the City did not draw the numbers of tourists that it does. The Administrator added that the City is very careful in how it uses ATAX funds for infrastructure, services and salaries, and stated that the Tourism Expenditure Review Committee (TERC) has not questioned the City about how it uses of ATAX funds. The City is also mindful of the need for a healthy fund balance in tourism funds to be able to continue operating should a severe storm event cause the City to lose tourism funds for a period of time.

Chair Ferencz recalled that the ATAX Committee had reviewed their budget in the March meeting; in April significant changes were made to the ATAX budget and the Committee did not meet. She requested that a special meeting be called in the future should a similar situation occur.

MOTION: Mr. Nelson moved to approve the FY14 ATAX budget as presented; Mr. Burgis seconded and the motion PASSED on a vote of 5 to1; Chair Ferencz cast the dissenting vote.

Administrator Tucker noted that there could still be changes to the budget since it is not due for Second Reading until the May or, possibly even, June Council meetings.

6. New Business

Update on Temporary Market

Administrator Tucker reported that this is an on-going project; she has dialogued with Leonard Way of Pastime Amusements, the arm of The Beach Company that owns the Island Center, and with the President of Piggly Wiggly, parent company of Newton Farms, the new grocery tenant

for Island Center. In the initial conversation, Mr. Way was positive, but, in the second, noted that with the level of construction that will be happening on the site, there is not space for a temporary market. Conversations with Piggly Wiggly were more positive, and they are talking with vendors who could provide the triple-wide mobile home-like space to determine the economic feasibility of such an endeavor since they must meet the flood requirements as well.

Another issue is where the temporary market could be located. Of course, the subject of the municipal parking lots came up, but the City leases the parking lots, making them unavailable. The renovations to the old dry cleaners have been completed, but that space might not be large enough.

Mr. Covington asked when the new grocery was scheduled to open; the Administrator responded that Newton Farms planned to be up and running for the tourist season in 2014.

Mr. Covington asked whether it was feasible to have vendors from the Mt. Pleasant Farmers Market come to the island. Administrator Tucker recalled that a similar request had been made a couple of years ago; an *ad hoc* committee was formed, and they found it not feasible.

7. Miscellaneous Business

Chair Ferencz read the following message from Perrin Lawson of the Charleston Visitors Bureau into the minutes:

“From what I can tell, it should be a great summer at the beach, based on the availability I’ve seen on the websites of the property mgmt. companies. We are also close to adding a forecasting component to the Vacation Rental Report, and I’m meeting with Dr. Brumby McLeod about this on Friday. We are hoping to combine the STR (short term rental) and VRR (vacation rental) and new forecasting data we’re getting from Travelclick to create a report that shows both historical performance and a forecast that will include hotel as well as vacation rental---this should be useful for everyone.”

Next Meeting Date: 11:00 a.m., Wednesday, August 7, 2013.

8. Adjourn

MOTION: Mr. Burgis moved to adjourn the meeting at 12:03 p.m.; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk