

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, September 5, 2012

The regular meeting of the Accommodations Tax Advisory Committee met at 11:00 a.m. on Wednesday, September 5, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee members Burgis, Covington, Russell, Miller, Nelson and Kreusi, Chair Ferencz, 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 public and press had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meeting's Minutes

MOTION: Mr. Nelson moved to approve the minutes of the regular meeting of July 11, 2012 as submitted; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

MOTION: Mr. Covington moved to reorder the *Agenda* to address Items A and B under New Business following *Citizens' Comments*; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

7. New Business

A. Consideration of 2013 Spoleto Festival USA Application

B. Consideration of Advertising with 2013 Spoleto Festival

Stephenie Steele, Institutional Writer and Sponsorship Manager for Spoleto Festival USA, noted that both sponsorship and advertising had been discussed at the July meeting. Since that meeting Ms. Steele stated that she has studied the state ATAX guidelines and some of the recent TERC clarifications about the use of ATAX funds, and, based on that research, the decision was made to continue to apply for operating support from the City of Isle of Palms under the terms that allow for support for cultural events. The application in the meeting packet is the same as in recent years, an application for fifteen thousand dollars (\$15,000) for operating support for the 2013 season; with this support, the City is treated as a program sponsor with the schedule of benefits afforded to twenty-five thousand dollar (\$25,000) corporate sponsors. Ms. Steele stated that she understood the two-pronged approach to spending ATAX funds are (1) the opportunity to promote the municipality as a tourist destination and (2) the support of an event to draw tourists to the island.

On the subject of advertising, Ms. Steele stated that the Festival had not submitted an application for advertising, but had provided the information about the various forms of advertising available and the rates associated with each one. She did indicate that the City could not advertise in the ticket brochure because advertising there is limited to accommodations for attendees providing phone numbers for making reservations, which would not apply to the City. In her opinion, the decision for the City to advertise and where to advertise was one to be made by the City separate from its decisions relative to sponsoring Spoleto.

Mr. Covington stated that he had a problem with Spoleto's dates since the City tends to be full at the time that the Spoleto Festival is held each year; Ms. Steele indicated that the dates for Spoleto are dictated from their affiliation with the College of Charleston.

Ms. Kreusi remarked that attendance at many family-oriented recreational activities is experiencing a dramatic decrease, but Spoleto continues to draw large numbers.

Julia Forster, Director of Development for Spoleto Festival USA, stated that the festival had record attendance in 2011; she stated that, at an event in March in Charlotte, North Carolina, many people stated that they would be attending the festival this year and would be staying at the Isle of Palms. She agreed that many people do not attend every consecutive year, but they do return.

Ms. Steele expressed her opinion that the benefit of sponsorship to the Isle of Palms is the return visitor; she reported that fifty-six percent (56%) of Spoleto attendees are from outside the area and the majority of these people have visited the Charleston area multiple times. In addition, many of the artists stay at the Isle of Palms during the festival; the beach serves as an added attraction to artists from all over the world. Ms. Steele stated that she believes that the image of the Isle of Palms is enhanced by its involvement in Spoleto.

Ms. Kreusi remarked that the City's support for Spoleto is a statement of support for the entire area, and to end support would damage the City reputation. She suggested expanding the City's involvement rather than pulling back.

Chair Ferencz stated that she wanted to be creative with the City's support; she contended that a fifteen thousand dollar (\$15,000) sponsorship does not draw people to the Isle of Palms in January or February when the island needs visitors. She suggested a full page, color advertisement in the program book could be an effective tool to draw visitors to the island in the off-season which would continue the City's support of Spoleto, but in a different manner. With an investment of seventy-five hundred dollars (\$7,500) the City could have a full-page advertisement and pay for professionally prepared, camera-ready art.

Ms. Russell recalled that the Committee had, at a previous meeting, discussed hiring an agency to prepare a camera-ready advertising for the City to use in multiple ways, but had decided not to proceed. Chair Ferencz thought that City Council would approve the expenditure for an advertising agency if it were tied to a specific project, such as to create camera-ready art to be used for Spoleto or *Southern Living*, etc., to draw people to the island in the off-season.

Ms. Kreusi reiterated her feelings that the City must continue its support for Spoleto; she noted that the City does well when Charleston does well and that people come to the island, not just for the island, but also to come to a premier destination – Charleston. She maintained that Spoleto serves the ATAX Committee's purposes by broadening the reputation and awareness of the City and the fact the Isle of Palms is more than a beach, but also a City that supports the arts. Organizations like Spoleto depend on repeat sponsorships in order to present the caliber of event for which it has become known. Ms. Kreusi also argued that it would be unfair to Spoleto to put the cost of camera-ready art into the budgeted contribution to them; the City needs camera-ready art for multiple purposes and should be a separate discussion.

Ms. Steele confirmed that the only municipalities contributing to Spoleto are the City of Charleston, Charleston County and the Isle of Palms. She indicated that the City is the only municipality that gets the exposure through the printed and on-line materials, because the City's sponsorship is treated like a corporate sponsor.

MOTION: Ms. Kreusi moved to approve the Spoleto Festival USA 2013 request for sponsorship in the amount of \$15,000; Ms. Russell seconded and the motion PASSED on a vote of 5 to 2 with Mr. Covington and Chair Ferencz casting the dissenting votes.

Assistant Dziuban informed Ms. Steele and Ms. Forster that this recommendation would go to Ways and Means Committee on September 18th and City Council on September 25th.

The deadline for advertising in the program book is April 5, 2013.

A motion for advertising in a Spoleto publication was not offered.

4. Quarterly Financial Statement – Treasurer Suggs

The Treasurer initiated her comments referring to the schedule headed "SC State Accommodations Tax – Distribution of Funds Received" that shows the quarterly payments and annual totals for the past two (2) years. The City received nearly one and a half million dollars (\$1,500,000) in FY12, which represents an increase of twenty-five percent (25%) over FY11; Treasurer Suggs reminded the Committee that the City received eighty thousand dollars (\$80,000) as a prior year correction. On the FY12 schedule of preliminary and unaudited revenue and expense, the ATAX fund ended the year with a surplus of one hundred forty-two thousand dollars (\$142,000) to be added to the roll-forward fund balance. Assistant Dziuban explained that the surplus can be attributed, in part, to several large projects in the FY12 budget had not taken place.

Treasurer Suggs reported that, at August 31, 2012, the ATAX fund had one million one hundred seventy-nine thousand dollars (\$1,179,000) cash on-hand. In reviewing expenditures for July and August, the Treasurer reminded the Committee that ATAX funds pay one-third ($\frac{1}{3}$) of the lease payments on the Public Works garbage compactors and one-fourth ($\frac{1}{4}$) of the lease payments on fire trucks.

6. Old Business

A. Establishment of ad hoc Committee for Off-season Special Events

After lively discussion on the need for the Committee and when an off-season event should be scheduled, a committee composed of Jim Covington, David Nelson and Franny Russell was established.

Recreation Director Page explained that her staff had decided to change the event surrounding the lighting of the Christmas tree on Front Beach for 2012. The event will be held on Saturday,

December 8 and will be a holiday festival with live music in the cooperation of the island's restaurants, and, of course, Santa Claus.

B. Discussion of Possible Calendar for Committee – no discussion

7. New Business

C. Status of Projects Funded by ATAX to-date – handled under financial reports

8. Miscellaneous Business

Date of Next Meeting: 11:00 a.m., Wednesday, November 7, 2012

9. Adjourn

MOTION: Mr. Covington moved to adjourn the meeting at 12:14 p.m.; Ms. Kruesi seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk