

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, May 4, 2011
2nd Floor Conference Room, City Hall

The Accommodations Tax Advisory Committee held a Special Meeting at 11:00 a.m., Wednesday, May 4, 2011 in the 2nd Floor Conference Room in City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee members Burgis, Carroll, Linville, Miller and Ferencz, Chair Ward, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. Mr. Nelson's absence was excused, and a quorum was present to conduct business.

1. Chair Ward 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. Review of FY 2011-2012 Budget

Treasurer Suggs initiated the discussion by distributing and explaining a schedule headed "SC State Accommodations Tax – Distribution of Funds Received." The payment for the quarter ending March 2011 was received the morning of the Special Meeting in the amount of fifty-five thousand three hundred ninety-four dollars (\$55,394) which is an eight percent (8%) increase over the same period in FY11; the Treasurer pointed out that this is the sixth consecutive quarter that has been better than the year before. Year-to-date, the City has received four hundred ninety-three thousand five hundred three dollars (\$493,503) of a total FY11 budget of six hundred twenty-four thousand dollars (\$624,000).

At this time, the Treasurer turned to the FY12 budget; she stated that she had used the past twelve (12) months actual receipts to estimate the revenue for FY12. Treasurer Suggs commented that she had done the same calculation in estimating the FY11 budget, but, due to the uncertainty in the economy at the time, had deflated the amount by fifteen percent (15%); she stated that she is confident that the FY12 budget is achievable without a like reduction.

Responding to Ms. Ferencz's question, Treasurer Suggs stated that she anticipates the June 2011 quarter's revenue to be equal to that of June 2010, which means the FY11 budget will be exceeded by approximately ninety-four thousand dollars (\$94,000).

Treasurer Suggs noted that the only change in this budget from the budget the Committee saw in April is the additional principal on the 2009 Mack garbage truck. The truck was originally purchased on an eight (8) year lease. In an effort to reduce the City's overall debt, City Council has elected to pay off the lease early to maximize the interest savings.

Ms. Ferencz asked whether the City would benefit from paying off the other garbage truck leases; the Treasurer responded that Council had decided that the City could afford to pay off only so much debt at this time due to the cash outlay.

Mr. Carroll initiated a discussion about the emails that were exchanged in the days leading up to this meeting and apologized if he had been out of order. He stated that in the tight economy that has prevailed in recent years, he has become very conservative in terms of debt; he added that his intention with the emails was to generate a discussion about reducing the City's debt.

Administrator Tucker commented that everyone must take care with emails when being involved with the City government due to the Freedom of Information Act and transparency laws. The goal is for the public to have the opportunity to hear what everyone has to say, and policy should be set in public. She stated that sending an email is not a problem; the danger is in a multiple-person dialogue between Committee members. Should a majority of the Committee participate, an unauthorized meeting is taking place, and the spirit of the Freedom of Information Act and laws that govern public meetings have been violated. Administrator Tucker related that, in a Freedom of Information request or in litigation, emails are discoverable.

One way of communicating to the group without running the risk of inadvertently initiating a dialogue among committee members is to communicate to the membership via staff, who would then disseminate the information or request to the balance of the committee. Administrator Tucker stated that all members of the City government should always preserve the public's rights to hear the collective opinions of the body. The Administrator remarked that she views the emails she generates as if they were a billboards and how they would be received in public.

Administrator Tucker expressed her gratitude in being included on the emails since she sees part of her role as seeing that Committee members are properly trained to do the job. She continued by saying that this issue and other questions that have been asked related to the state ATAX funds clearly indicate that staff needs to do more training in the future.

Replying to Ms. Ferencz's request, the Treasurer directed attention to the schedule headed "State Accommodation Tax/Analysis of Revenue and Fund Balance." (A copy is attached to the historical record of the meeting.) Treasurer Suggs recalled that discussions in prior meetings regarding the state accommodations taxes laws articulate that the money must be spent within two (2) years unless it is being saved for a special project. With that in mind, the Treasurer generated this schedule to illustrate how the money has moved through the City's budget since 2006; the schedule proves that the City is in compliance with the state regulations for the fund.

Treasurer Suggs noted that the State ATAX fund is a restricted fund, i.e. the funds are restricted by the state to be used for tourism-related expenditures.

The Treasurer stated that, if the FY12 budget happens exactly as presented, the fund balance at June 30, 2012 will be six hundred forty-nine thousand seven hundred twenty-seven dollars (\$649,727), which is sixty-two percent (62%) of annual revenues. By comparison, the Treasurer reported that the benchmark for the General Fund was thirty to thirty-five percent (30-35%) of annual expenditures to revenue.

MOTION: Mr. Carroll moved to approve the FY12 budget as presented; Mr. Linville seconded.

Chair Ward recounted that earlier in the morning at the City Administrator's direction to staff, he and Ms. Ferencz had met with Assistant Dziuban and Treasurer Suggs about State Accommodations and how it actually works, which Chair Ward noted had not been explained to him before. He reflected on the fact that, as a Cer-tified Public Accountant, he was concerned about deficit spending, but he had learned that the money had to flow in and out of the

Accommodations Tax Fund. His earlier concerns about deficit spending were not as critical when one understands the entire picture; he urged other members of the Committee to meet with members of staff if they had any questions at all.

Chair Ward related that he had been told that the City of Isle of Palms is very conservative with its fund balance and tends to maintain a larger fund balance than most other communities; he noted that some municipalities take the fund balance to zero each year.

Ms. Ferencz followed up by requesting that any new members of the Committee have some type of workshop very early in their tenure to learn the nuances of State Accommodations Taxes. She stated that she had joined the Committee thinking that her role was to serve as a gate-keeper for these funds, when, in reality, the opposite is true.

In addition, Ms. Ferencz indicated that she would recommend to City Council that more money be spent on tourist-related things – an island-wide plan on how to enhance the tourists' experience at the Isle of Palms. She recalled that, over the past couple of years, few applications for funds to hold events have come before the Committee. Accepting the limitations of staff, Ms. Ferencz commented that she would like to have a tourism plan to have visitors have an "over-the-top" experience when they come to the island. She suggested that the Committee could garner the assistance of island realtors to conduct a survey in the coming year to find out what visitors are looking for when they come here.

Specific to the FY12 budget, Ms. Ferencz sought confirmation that the mobile radio repeater was a re-budget of an item on the FY11 budget; Treasurer Suggs indicated that Ms. Ferencz was correct. In addition, she asked about the imaging camera; the Treasurer stated that this was an additional camera because the City was trying to get an imaging camera on each first-response truck.

In response to concerns about the boat replacement, Assistant Dziuban stated that the boat had been donated to the city as a used boat in 1989, and it is beyond repairing. Assistant Dziuban commented that Public Safety Committee has been looking at the boat, as well, and has charged Chief Graham with researching the best and most economical replacement.

Administrator Tucker, in an effort to provide the committee with all relevant information, reported that the City's boat will only run at half throttle. Regarding Mr. Carroll's earlier statement on timing of the purchase, the Administrator reminded the Committee that, as a local government, the City can take advantage of state contract pricing when a boat is purchased, therefore, making timing a non-factor.

The Administrator noted that the budget says "Boston Whaler" simply because that is what the City currently has. If the City decides to get a new boat, it will be a boat on state contract or at state contract pricing that meets the needs of the Department, for example, one that can accommodate a back board. Assistant Dziuban interjected that this is the only vessel the City has that can respond at night and that has GPS navigation to respond in the open ocean.

Mr. Carroll expressed the opinion that this was critical information to have for making a decision – if a boat is not working properly, the City could be putting personnel, residents or visitors at risk. The Administrator remarked that public safety is paramount, and residents and visitors alike have an expectation that they be protected.

Chief Graham displayed the pictures of the City's boat to show the members of the Committee the condition of the boat; a set of the pictures is attached to the historical record of the meeting. Administrator Tucker stated that one of the first rules of public safety response is never become part of the problem; she continued that this vessel in its present state has the potential to become part of the problem.

VOTE: The motion to approve the FY12 budget PASSED UNANIMOUSLY.

3. ADJOURN

MOTION: Chair Ward moved to adjourn the meeting at 11:38 a.m.; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk