

## ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, January 8, 2014

The regular meeting of the Accommodations Tax Advisory Committee (ATAX) was held at 11:00 a.m. on Wednesday, January 8, 2014 in Council Chambers of City Hall. Attending the meeting were Committee members Jim Covington, Susan Haynie, Margaret Miller, David Nelson and Franny Russell, Assistant to the Administrator Dziuban, Treasurer Suggs and City Clerk Copeland. The absences of Malcolm Burgis and Carol Rice were excused; a quorum was present to conduct business.

1. Assistant Dziuban 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. Assistant Dziuban opened the floor to nominations for Chair.

Mr. Nelson nominated Franny Russell as Chair; Mr. Covington seconded and Ms. Russell was unanimously elected Chair.

Chair Russell nominated Mr. Nelson as Vice Chair and Mr. Covington seconded; Mr. Nelson was unanimously elected Vice Chair.

### 3. Approval of Previous Meeting's Minutes

**MOTION:** Mr. Nelson moved to approve the minutes of the regular meeting of October 2, 2013 as submitted; Mr. Covington seconded and the motion PASSED UNANIMOUSLY.

### 4. Citizens' Comments

Jim Raih, 3904 Hartnett Boulevard, referenced page 2 of the October minutes which state:

"The conclusion is that a new building is going to require more maintenance and the existing one is not being maintained properly."

He said that, as a taxpayer on the island, he is concerned to hear that any City-owned property is not being properly maintained. He remarked that the City had spent a great deal of money on the Front Beach Enhancement and that, if not properly maintained, it too would be beyond repair; he indicated that there are cracked sidewalks and lights not functioning.

### 5. Financial Statement and discussion of FY15 Budget Process – Treasurer Suggs

Treasurer Suggs initiated her comments will the Balance Sheet for State Accommodations Tax funds; at the end of 2013, funds totaling one million seven hundred eighty-six thousand dollars (\$1,786,000) were invested per the following:

Local Government Investment Pool (LGIP)	\$1,060,034
BB&T	475,771
First Tennessee Bank	250,000

The Treasurer explained that First Tennessee had been the successful bidder to re-finance a bond for the City and had offered the City a very competitive rate to have a deposit account with them.

The next schedule for review was the revenue statement showing interest earned on investments, the receipt of the September quarterly payment from the state and the proceeds from the sale of two (2) jet skis and a garbage packer. Revenues year-to-date total seven hundred forty-one thousand seven hundred dollars (\$741,700).

Treasurer Suggs then directed attention to the scheduled titled "SC State Accommodations Tax – Distribution of Funds Received" that illustrates the total September quarterly payment and the distribution of funds as prescribed by the State. These distributions are five percent (5%) to the General Fund, sixty-five percent (65%) to the City's ATAX fund and thirty percent (30%) to the Charleston Visitors Bureau, the entity that drives tourism promotion for the area. The Treasurer pointed out that the revenue for the September quarter was the largest amount the City has ever received.

The expenses incurred by the ATAX fund were reviewed next, concentrating on expenses that have occurred since the last meeting. There were no unusual expenses incurred, but highlights are as follows:

- Two hundred thirty thousand dollars (\$230,000) paid to the Charleston Visitors Bureau (CVB) from the September payment from the state;
- Thirteen thousand five hundred dollars (\$13,500) deposit paid toward July 4<sup>th</sup> fireworks;
- Sponsorship revenue offsetting holiday lights totaling six thousand four hundred seventy-five dollars (\$6,475) from businesses on the island for holiday light displays; and
- Eleven hundred dollars (\$1,100) paid for the appraisal of the Front Beach restrooms.

Ms. Haynie noted that she had visited the Front Beach restrooms on Monday afternoon and suggested that all Committee members do the same; she stated that "it casts a cloud over the City with the way it looks in there."

Assistant Dziuban reported that the City will be opening bids on January 15<sup>th</sup> for architectural, engineering and design services for the Front Beach restrooms to make recommendations for the best course of action for the City relative to the public restrooms.

In conclusion, Treasurer Suggs reviewed the ATAX status report that compares expenditures to projected revenues to arrive at an estimated year-end fund balance. This schedule has not changed since the meeting in October; the projected FY14 ending fund balance is one million one hundred fifty-four thousand dollars (\$1,154,000).

Responding to Mr. Covington's question, the Treasurer stated that the maximum carryover is referred to as the "two-year rule," stating that funds must rollover every two (2) years, which the City interprets as first-in, first out.

Treasurer Suggs commented that the City will begin working on the FY15 budget in February, and the work typically begins with updating the ten-year Capital Plan to determine what is to be

included in the Capital Projects budget. Work then progresses to the operating budgets and finally, usually by April, projected revenues are introduced to arrive at a balanced budget. The Treasurer stated that she anticipated having a budget for this Committee to review at the next meeting. The Committee members were encouraged to make suggestions for the ATAX budget, but were also reminded that, as an advisory committee, City Council has the final approval of all budgets

**6. Old Business – None**

**7. New Business**

**A. Consideration of Spoleto Advertising**

Assistant Dziuban explained that no one was present from Spoleto requesting a sponsorship primarily due to the change in the Committee's position in 2013 from a sponsorship to advertising; in the past, sponsorships have ranged from ten thousand to fifteen thousand dollars (\$10,000 – \$15,000). In 2013, the ATAX Committee decided to run a full-page advertisement encouraging Spoleto attendees to visit the Isle of Palms in the off-season for a total cost of thirty-five hundred dollars (\$3,500); if the Committee remains so inclined this year, there is no need for an application from Spoleto. Spoleto has contacted the City to know if it plans to advertise again, which is why the subject is on the agenda today.

The only Spoleto literature open to the City for advertising is the program book distributed at the time of the event, which, in Mr. Covington's opinion, is too late to accomplish the desired result – "heads in beds" in the off-season.

Mr. Covington inquired of Perrin Lawson of the CVB about whether the CVB sponsors Spoleto; Mr. Lawson stated that the CVB is not a sponsor of Spoleto. The CVB's policy is to advertise the entire region and not specific events.

In general, Mr. Covington does not think the City gets "the bang for its buck" with Spoleto advertising or sponsorship.

Chair Russell countered that, although the effects of the Spoleto advertising cannot be measured, she believes that the City needs to have a presence in some form; she added that there are "heads in beds" on the Isle of Palms during Spoleto whether from the Committee's advertising or not.

If the Committee was going to advertise again, Mr. Covington thought that a picture of the island's beautiful beach should replace the dock on the creek or Waterway from last year.

Mr. Nelson voiced his preference for sponsorship over advertising, and Ms. Haynie thought the advertising was important, but also supported using a view of the beach. Mr. Nelson asked if it was too late for a sponsorship; Assistant Dziuban stated that she was aware of the advertising deadline, but was unsure about sponsorship.

**MOTION: Mr. Nelson moved to recommend a Spoleto sponsorship in the amount of \$7,500 with the submission of an application; Ms. Miller seconded.**

When asked by Chair Russell, Assistant Dziuban recollected that the deadline for advertising in around April 1, so the Committee has some time. In addition, Assistant Dziuban indicated that she would contact Spoleto advising them to submit an application for a sponsorship in time for the Council meeting.

**VOTE: The motion PASSED on a vote of 3 to 2 with Mr. Covington and Ms. Haynie casting the dissenting votes.**

**B. Consideration of Participation in *Moultrie News* 50<sup>th</sup> Anniversary**

Stephanie Shipe, Corporate Event Marketing Manager for the Evening Post Publishing Group, was present to explain the 50<sup>th</sup> anniversary celebration plans and answer questions from the Committee. Ms. Shipe explained that there will be many opportunities throughout the year to promote the Isle of Palms that will include a special event on Sullivan's Island on October 18<sup>th</sup> from 3:00 p.m. to 7:00 p.m. Promotions will reach to Georgetown, Kingstree, Aiken and into North Carolina through sister publications that will be advertising the 50<sup>th</sup> anniversary; promotions will include social media, print, television and radio. Ms. Shipe is asking for ten thousand dollars (\$10,000) from the City to ensure it receives a high degree of exposure in the promotional materials.

Mr. Covington asked Ms. Shipe to explain how this activity would help to put "heads in beds" on the island; she responded that *The Moultrie News* does not reach outside of South Carolina, but some extenuating papers reach into Georgia and North Carolina. The 50<sup>th</sup> anniversary celebration and the associated events will be promoted in the other publications, and the social media and websites do reach outside the immediate area.

**MOTION: Ms. Miller moved to approve the request from *The Moultrie News* in the amount of \$10,000; Chair Russell seconded.**

Ms. Shipe stated that they do have other sponsorship levels available.

Ms. Haynie asked what the sponsors are entitled to; Ms. Shipe stated that the ten thousand dollar (\$10,000) level guarantees logo inclusion on all promotional materials, advertising coverage in all print materials promoting the event, as well as e-blasts to all "optim" users, website links to the City from the 50<sup>th</sup> anniversary website, et. al. The levels of sponsorship are twenty-five hundred dollars (\$2,500), five thousand dollars (\$5,000), seventy-five hundred dollars (\$7,500) and ten thousand dollars (\$10,000).

Mr. Covington remarked that he does not see this request as one that will generate accommodations taxes for the City, but Ms. Miller countered that the Committee needed to support the local community as well. Ms. Miller said that the only criteria for support should not always be "putting heads in bed."

**AMENDMENT:** Ms Miller moved to amend the amount to \$2,500; Chair Russell seconded and the motion PASSED on a vote of 3 to 2 with Mr. Covington and Mr. Nelson casting the dissenting votes.

**VOTE on AMENDED MOTION:** The amended motion PASSED on a vote of 3 to 2 with Mr. Covington and Mr. Nelson casting dissenting votes.

**C. Request for Sponsorship of Dunlop Junior Tennis Championship**

Dewey Caulder, Tennis Director for the Family Circle, thanked the Committee for its support of this event last year and commented that it is a Southern level three tennis tournament that will be held February 15<sup>th</sup> and 16<sup>th</sup>. This is the eleventh year of the tournament and draws youths from all over the country; participants will earn ranking points for playing that allows them to participate in other tournaments. This year there will be both singles and doubles play, and the winner of the eighteen year old girls division will get a qualifying spot in the Family Circle Cup. Over half of the families that participated last year stayed on the Isle of Palms.

Mr. Covington asked how many participants there would be and Mr. Caulder stated eight hundred fifty (850). Mr. Covington then asked how many would be from outside the Charleston area, and Mr. Caulder responded approximately seventy percent (70%).

**MOTION:** Mr. Covington moved to recommend approval of the request for \$2,500 to sponsor the Dunlop Junior Tennis Championship; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

**D. Meeting Schedule for 2014**

The Committee agreed to hold bi-monthly meetings in 2014.

**8. Miscellaneous Business**

The next meeting will be at 11:00 a.m. on Wednesday, March 5, 2014 in Council Chambers.

**9. Adjourn**

**MOTION:** Mr. Covington moved to adjourn the meeting at 12:06 p.m.; Chair Russell seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland  
City Clerk