

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, May 10, 2017

The regular meeting of the Accommodations Tax Advisory Committee was held at 11:00 a.m., Wednesday, May 10, 2017 in Council Chambers, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee members Sally Muhlig, Margaret Miller, Rusty Williamson, Susan Haynie and Chair David Nelson, Administrator Tucker, Assistant Administrator Fragoso and City Clerk Copeland. Members Malcolm Burgis and Julise Spell were absent, but a quorum was present to conduct business.

1. Chair Nelson 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: Ms. Miller moved to approve the minutes of the regular meeting of March 8, 2017 as submitted; Ms. Haynie seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statements

FY18 Proposed Budget

Administrator Tucker, substituting for Treasurer Suggs, reported that the proposed FY18 budget before the Committee for consideration has been advertised and a Public Hearing on the budget has been scheduled for 5:45 p.m., Tuesday, May 23, 2017 prior to Second Reading and ratification. If the Committee recommends any changes to the ATAX budget, the Administrator will convey them to City Council for their consideration at the Ways and Means Committee meeting on Tuesday, May 16th. (A copy of the projected budget is attached to the historical record of the meeting.)

Beginning with Revenues, the Administrator pointed out that the projected increases are nominal because State Accommodations Taxes have been modest over the past eighteen (18) months. Other revenue sources are the sponsorships for holiday light displays, sale of assets and interest income.

Transfers-out represent the use of ATAX funds to offset expenses the City incurs associated with serving the tourists to the island; the Administrator noted that the number of personnel being covered by tourism funds has not increased, but wage and fringe increases make up the added costs. Personnel transfers-out will be used for part-time firefighters, full-time firefighters and one (1) patrol officer. A transfer-out of approximately two hundred thirty-eight thousand dollars (\$238,000) will be used to pay two-thirds ($\frac{2}{3}$) of the expense to rehabilitate the marina bulkhead, and another transfer-out of approximately two hundred thirty-three thousand dollars (\$233,000) will pay seventy-five percent (75%) of the debt to purchase the marina. (The marina bond will be paid off in 2019.) A transfer-out to the Recreation Building fund of three thousand dollars (\$3,000) is made every year. Revenues net of transfers-out are eight hundred fifty-six thousand five hundred fifty-one (\$856,551) per the proposed FY18 budget.

For expenditures, Administrator Tucker highlighted those line items that are new to the budget or have increased from the FY17 budget. She reported that, when building the budget for FY17, staff realized that they have been successful at constructing buildings, but have been deficient in maintaining those buildings as they should be; therefore, included in the FY17 budget were funds for an assessment of City-owned structures. Through a competitive bidding process, Hill Construction was hired for the task, and their work product was detailed information on each building noting maintenance items that should be addressed immediately and a schedule that ran out five (5) years listing maintenance projects for each building each year; estimated costs for each task were also presented. As the City addresses these maintenance issues, the Committee will see the Hill Report referenced several times when a proportionate share of the cost has been allocated to State ATAX funds and the other tourism funds as well; the most expensive maintenance item for FY18 is the replacement of the roof of the Public Safety Building (PSB).

Under General Government, twenty-five hundred dollars (\$2,500) has been budgeted to add benches and, possibly, a picnic table to the Mayor Carmen R. Bunch Park; another new item is one thousand fifty dollars (\$1,050) for Year One priorities for City Hall from the Hill Report. Programs and sponsorships were increased by thirty thousand dollars (\$30,000) for the special event planned around the total solar eclipse on Monday, August 21st; since the last place to view the eclipse will be the Charleston area, the City is expecting a significant influx of people to view it here on the island. The line for Capital Outlay was increased by five hundred dollars (\$500) to ensure sufficient funds to replace the waving Santa that has welcomed residents and guests to the island during the Christmas holiday season for a number of years.

For the Police Department, twenty-two hundred dollars (\$2,200) was added to Non-capital Tools for the scheduled replacement of five (5) sets of body armor. For the Year One priorities from the Hill Report, ATAX funds will pay twelve and a half percent (12.5%) of the cost for the roof replacement of the PSB. All of the Police Department's radios are to be replaced using ATAX funds that have been building in reserves over several past budgets; ATAX funds will cover twenty-five percent (25%) of the total cost.

Moving on to the Maintenance line for the Fire Department, ATAX funds will pay for twelve and a half percent (12.5%) of the cost of the roof replacement for the PSB and twenty-five percent (25%) of the cost of Year One maintenance priorities according to the Hill report. In addition, under the line for Capital Outlay, twenty-five percent (25%) of the cost of the replacement in-car radios and twenty-five percent (25%) of the cost of a new ladder truck will be paid from ATAX reserves.

In the Public Works Department under Maintenance and Service Contracts, approximately eight thousand dollars (\$8,000) was budgeted for Year One maintenance priorities per the Hill Report. Four thousand dollars (\$4,000) was added to Miscellaneous and Contingency for the additional cost associated with the yellow plastic trash barrels and an increased quantity of pooper-scooper bags. In Capital Outlay, reserve funds would pay for twenty-five percent (25%) of the cost of radio replacements, thirty-three percent (33%) of the cost of a new garbage truck and twenty-five percent (25%) of the cost to replace two (2) underground fuel storage tanks.

ATAX reserves will also fund the replacement of radios in the Recreation Department; one thousand dollars (\$1,000) was added to the special activities put on by the Rec Department, like the Connector Run, the Holiday Street Festival, Easter Egg Hunt, etc.

For the public restrooms, Front Beach and Breach Inlet, Maintenance and Service Contracts and Cleaning and Sanitary Supplies were increased based on actual; insurance increased by two percent (2%) for the anticipated increase to SMIRF for flood coverage. Capital Outlay has increased dramatically to replace six (6) on-street parking kiosks, construct of a replacement dune walkover at Front Beach and approximately two-thirds ($\frac{2}{3}$) of the cost to rehabilitate the public restrooms and showers.

Total ATAX expenditures are two million one hundred eighty thousand five hundred forty-four dollars (\$2,180,544), and they will be covered by fund balance and reserves established over several years.

From the discussions about the need to replace the roof on the PSB, Ms. Muhlig asked how old the building was, and the Administrator responded that the building was dedicated in 2009.

MOTION: Ms. Miller moved to approve the proposed FY18 ATAX budget as presented; Chair Nelson seconded and the motion PASSED UNANIMOUSLY.

5. **Old Business – None**

6. **New Business**

A. Consideration of sponsorship of Isle of Palms magazine

Bill Macchio, publisher of the magazine, distributed several editions of the flip magazine “Sullivan’s Island” / “Isle of Palms” that he is currently producing, and he reminded the Committee that he has been sanctioned by the state to place his magazines in the South Carolina Welcome Centers. He stated that the number one destination of visitors to the state are heading to South Carolina beach communities. He recalled that, when he pitched the magazine originally, Council was opposed to the flip magazine; therefore, he has altered his proposal to print one (1) issue dedicated to the Isle of Palms in October of the year to showcase the City’s Secret Season. In the October issue, all island businesses and restaurants would be listed, as well as hotels and short-term rental agencies; the center of the magazine would be a map of the island; articles on the history of the island and special annual events planned, etc. The distribution avenues will be direct mailing to all property owners on the island – no matter where they live; all hotels and short-term rental agencies through Mount Pleasant, the South Carolina Welcome Centers, local grocery stores, the Asheville and Greenville airports, and local island distribution.

The request for the magazine publications is fifty-five thousand dollars (\$55,000) that will be split between two (2) fiscal years, FY17 and FY18.

MOTION: Ms. Haynie moved to sponsor one (1) publication of Isle of Palms magazine at \$55,000; Ms. Miller seconded and the motion PASSED on a vote of 4 to 1 with Chair Nelson casting the dissenting vote.

B. Consideration of sponsorship of SC Aquarium Turtle Trek

Stephanie Gabosch, Advancement Events Coordinator for the South Carolina Aquarium, reported that today the Aquarium would hold its first public turtle release of the 2017 season at the County Park of two (2) rehabilitated turtles; this is the two hundred twentieth (220th) turtle to be released back into the ocean after successful rehabilitation at the Sea Turtle Hospital. The turtles and the Aquarium representatives will arrive at the County Park in their new Mercedes turtle ambulance. Opening Memorial Day weekend will be the Zucker Family Sea Turtle Recovery, the result of a campaign that raised five and a half million dollars (\$5,500,000); it will be a state of the art exhibit on the first floor of the Aquarium that will allow all visitors to see the hospital at work.

The 2017 Turtle Trek will be the second year for the event that is a 5K sunset beach run with a kids' fun run; in its first year, it drew a capacity group of five hundred (500) participants; the number has been increased by one hundred (100) for 2017. For 2016, ninety-six percent (96%), or four hundred eight (480), of the participants did not live on the Isle of Palms. Registration began this week for the event to be held on Saturday, September 23rd; like 2016, it will be preceded by a beach sweep. The 2016 event raised forty thousand dollars (\$40,000). The sponsorship request is for a seventy-five hundred dollar (\$7,500).

Responding to Administrator Tucker's question about whether the request was for FY17 or FY18, Ms. Gabosch stated that the Aquarium would be comfortable with whatever timing met the City's needs.

MOTION: Ms. Miller moved to approve a \$7,500 sponsorship for the 2017 Aquarium Turtle Trek, September 23rd; Ms. Muhlig seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Next Meeting Date: 11:00 a.m., Wednesday, July 12, 2017 in Council Chambers

8. Adjournment

MOTION: Ms. Miller moved to adjourn the meeting at 11:48 a.m.; Ms. Muhlig seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk