

Accommodations Tax Advisory Committee

11:00 a.m., Wednesday, April 7, 2010

The Accommodations Tax Advisory Committee held its regular meeting at 11:00 a.m., Wednesday, April 7, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Malcolm Burgis, Rick Linville, Margaret Miller, Sandy Ferencz and Chair Ward, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. David Nelson's absence was excused; Mr. Ward announced that Ms. Hollingsworth is under hospice care.

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. Approval of Previous Meeting's Minutes

MOTION: Ms. Ferencz moved to approve the minutes of the regular meeting of January 6, 2010 as submitted; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments - None**

4. Quarterly Financial Statement – Treasurer Suggs

The financials to be discussed today are through February 2010. Total assets in the State Accommodations Taxes funds are in excess of one million one hundred sixty thousand dollars (\$1,160,000). The quarterly payment for the quarter ended December 2009 has been received and amounted to six hundred twenty-one thousand eight hundred thirty dollars (\$621,830) before the payment to the Charleston Visitors Bureau. Treasurer Suggs directed the Committee's attention to the historical representation of State Accommodations tax receipts over the past five (5) years that indicates the FY09 collections were short to FY08 by three percent (3%) while the FY10 receipts are tracking only two and one-half percent (2.5%) below FY09. The significance is that the FY10 budget was established with a fifteen percent (15%) reduction in revenue from FY09.

In reviewing the expenditures since the previous meeting, motions were requested as follows:

MOTION: Ms. Ferencz moved to approve the budget overage for the Easter Egg Hunt in the amount of \$65.50; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.

MOTION: Ms. Miller moved to approve the budget overage for the Lowcountry Blues Bash in the amount of \$622.45; Chair Ward seconded and the motion PASSED UNANIMOUSLY.

On the fund balance projection schedule, Treasurer Suggs estimates the year-end fund balance to be eight hundred thirty-three thousand two hundred sixty-two dollars (\$833,262).

MOTION: Ms. Ferencz moved to approve the financial statement as presented; Mr. Linville seconded and the motion PASSED UNANIMOUSLY.

5. Old Business

Discussion of Changes to Application

Ms. Ferencz distributed a summary of the meeting she and Chair Ward had with Perrin Lawson of the Charleston Visitors Bureau on January 27, 2010.

After brief discussion, the Committee agreed that the majority of the City's ATAX funds are budgeted, leaving only approximately fifty thousand dollars (\$50,000) in discretionary funds, that the Committee had an obligation to ensure that funds are spent on tourist-related activities and that parties applying for the discretionary funds must understand that obligation. Based on these facts, Ms. Ferencz expressed the need for stronger language in the City's ATAX application as shown below:

2. Impact on Tourism: What percentage of persons benefitting from this project are tourists (____%) vs. Isle of Palms residents (____%).
**Source of tourist data _____
(website hits, surveys, ticket sale information, etc.)*
3. If this application is for an ongoing event, what is the percentage increase/decrease in tourist attendance versus the past year's event?
**Source of tourist data _____
(website hits, surveys, ticket sale information, etc.)*

MOTION: Ms. Miller moved to amend the ATAX application by adding the above-referenced questions; Ms. Linville seconded and the motion PASSED UNANIMOUSLY.

6. New Business

- A. **Request from the IOP Fire Department for anti-exposure suits in an amount not to exceed \$7,000**

Chief Graham displayed one (1) of the anti-exposure suits that the Fire Department currently uses to prevent hypothermia because the Department is getting more and more calls for water rescues in the off-season. The Chief reported that the suits last ten (10) years or more, but there is a need in the department for more sizes than are currently available. When the suits are used, they are washed in fresh water, dried and kept out of the sun to prolong their usability.

MOTION: Ms. Ferencz moved to approve the request from the IOP fire Department for anti-exposure suits in an amount not to exceed \$7,000; Ms. Miller seconded and the motion PASSED UNANIMOUSLY.

B. Review of FY 2010-2011 Budget

State ATAX Revenue

| | |
|---|-----------|
| State ATAX Rev – related | \$624,000 |
| State ATAX – promo | 288,000 |
| The FY11 revenue figures are based on the past twelve months' actual decreased by 5%. | |
| Sale of assets | 2,500 |
| Sell 1 police Impala (100%) and 1 fire pickup truck (50%). | |
| Interest Income | 5,000 |
| Proceeds from lease | 55,333 |
| $\frac{1}{3}$ of value of new Mack garbage truck purchased via municipal lease. | |

State ATAX Transfers Out

| | |
|---|---------|
| To Island-wide beach maintenance fund | 50,000 |
| Add to reserve for long-term beach management | |
| To Island-wide beach maintenance fund | 50,000 |
| Add to ongoing monitoring "outside" 2008 project area | |
| To General Fund for PT Firefighters | 9,326 |
| Additional personnel for tourist season | |
| To Marina Debt Service | 181,958 |
| $\frac{1}{3}$ total Marina debt service | |
| Transfer to Marina | 200,000 |
| $\frac{2}{3}$ of total cost to dredge Marina | |

State ATAX Fund Expenditures

| | |
|---|---------|
| Water & sewer | 550 |
| Irrigation for Breach Inlet sign area | |
| Programs & sponsorships | 116,000 |
| Misc programs as approve by ATAX Committee (\$50,000), July 4 th Fireworks (\$31,000), 50 th anniversary-type party (\$35,000) | |
| Miscellaneous and contingency | 3,000 |
| Tourism promotion general | 20,900 |
| Website T-shirt giveaway and ongoing website maintenance, email hosting | |
| Tourism promo 30% costs to CVB | 288,000 |
| Transferred to Charleston Visitors Bureau according to state law | |

Police Department

| | |
|---|--------|
| Non-capital tools | 2,500 |
| Scheduled replacement of 4 sets of body armor | |
| Capital outlay | 59,000 |
| Replace Chevy patrol of vehicle (1 of 3) (\$23,000), replace beach ATV (\$11,000), replace/expand Front Beach surveillance systems (\$25,0000) | |

Fire Department

| | |
|---|--------|
| Debt service – lease principal | 37,796 |
| 25% of scheduled lease payments on 3 existing trucks plus proposed new pumper truck | |
| Debt service – lease interest | 6,630 |
| 25% of scheduled lease payments on 3 existing trucks (no FY10 interest on new pumper) | |

Capital Outlay 33,500
 Mobile radio repeater (\$12,000), replace beach ATV (\$11,000), thermal imaging camera(\$10,500)

Public Works Department

Debt Service – lease principal 23,684
 1/3 of scheduled lease payments on 2006 & 2008 Mack truck, Caterpillar loader & planned 2010 Mack

Debt Service – lease interest 2,641
 1/3 of scheduled lease payments on 2006 & 2008 Mack trucks and Caterpillar loader; 2010 Mack – 1st payment all principal

Miscellaneous & contingency 14,500
 \$7500 (65) cases of pooper scoops, \$5000 replacement of poop scoop stations and \$2000 for beach trash barrels

Capital outlay 55,333
 1/3 of \$166,000 new Mack garbage truck (offset by lease proceeds)

Capital outlay 160,000
 Beach walkovers at the public restroom and 41st Avenue; estimated cost is \$80,000 each

Recreation Department

Special Activities 35,000
 IOP Beach Run (\$6,000), IOP Connector Run (\$7,500) Front Beach Tree Lighting (\$5,000), Lowcountry Blues Bash (\$7,000), Eater Egg Hunt (\$2,500), Piccolo Spoleto Sand Sculpting (\$3,0000, and Piccolo Spoleto Goes to the Beach (\$4,000)

Public Restrooms/Front Beach Area Maintenance

Electric & gas 2,200

Water & sewer 12,500

Maintenance & service contracts 7,500
 Increase based on actual. FY10 actual includes multiple lighting repairs that should not recur after the FY11 project (funded with Aisle of Palm funds)

Cleaning & sanitary supplies 5,000

Insurance 2,229
 Includes property, liability and flood and estimated 5% rate increase per SMIRF

Professional Services 70
 Backflow test

Contracted Services 40,833
 Year-round restroom attendant - \$89-\$125/day

Contracted Services 86,000
 Includes \$14,000 for year round business district trash pickup, \$66,000 for year-round beach cleanup and \$6,000 for beach hole fill-ins

Miscellaneous & contingency 2,500

Capital Outlay 18,500
 4 parking ticket-writing devices

TOTAL STATE ATAX EXPENDITURES \$1,036,367

Total State Tax Surplus/(Deficit) (552,817)
 To be funded w/cumulative surpluses from prior years (approx \$875,000) in fund balance

MOTION: Ms. Miller moved to approve the FY11 State ATAX budget as presented; Mr. Linville seconded the motion.

Ms. Ferencz expressed concern in the large jump in deficit spending that would leave the fund balance at less than something over three hundred thousand dollars (\$300,000).

Treasurer Suggs reiterated her opinion that the fund balance will be higher than shown on the projection sheet reviewed earlier in the meeting due to the facts that revenues are trending higher than anticipated in the budget and spending is lower than in previous years. The Treasurer also pointed out that there is a significant one-time transfer out to the marina of two hundred thousand dollars (\$200,000) for dredging, as well as the fact that the beach walkovers would also not be a recurring expense.

On the subject of the dredging, Administrator Tucker explained that, in the previous dredging project, the City had partnered with the Morgan Creek Association whereby they paid for the actual dredging while the City was the permittee and incurred no expense. A meeting is scheduled with the Morgan Creek stakeholders this week, and the Administrator stated that her intention is to propose that the entities enter into the same type of agreement for this project. Therefore, the two hundred thousand dollars (\$200,000) in this budget is merely a placeholder, but necessary should a similar agreement not be possible.

Discussion continued about certain items that could be eliminated from this budget that were suggested by Chair Ward.

MOTION: Ms. Ferencz moved to amend the budget by eliminating the following expenditures:

| | |
|---|------------------|
| Delay the dredging project | \$200,000 |
| Postpone the 50 th anniversary event | 35,000 |
| Repair/Replace only 1 beach walkover | 80,000 |
| Delay the parking ticker-writing devices | <u>18,500</u> |
| TOTAL | \$333,500 |

Ms. Miller seconded and the motion to amend PASSED UNANIMOUSLY.

Vote on amended motion: The amended motion PASSED UNANIMOUSLY.

C. Discussion of use of Fund Balance to Pay Down City Debt

Chair Ward stated that he had asked for this item to be placed on the budget, but, after the presentation of the budget, it was "a moot point." He did inquire of the Administrator and Treasurer whether state ATAX funds could be used to pay down debt. Administrator Tucker commented that the City has used accommodations funds to pay debt in the past, but the City has always approached the state board in advance, never after the fact. The Administrator did report that the Beach Renourishment debt had been structured so as to be paid off early, and the beach renourishment had certainly been a tourism-related project.

7. Miscellaneous Business

Administrator Tucker informed the Committee of the fundraiser scheduled for 2 p.m. until 6 p.m. on Saturday, April 24 at the Acme Cantina for Firefighter Dan Mills. Firefighter Mills was seriously injured in a motorcycle accident in late January (he was hit by an uninsured driver) and incurred complications as late as March 29; he is going to have a long recovery. Tickets are fifteen dollars for barbecue, and there will be kid-friendly activities.

Next Meeting Date: 11 a.m., Wednesday, July 7, 2010.

8. Adjourn

MOTION: Ms. Ferencz moved to adjourn the meeting at 12:10 p.m.; Ms. Miller seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

**Marie Copeland
City Clerk**