

ACCOMMODATIONS TAX COMMITTEE

Isle of Palms, South Carolina

June 13, 2007

The regular meeting of the Accommodations Tax Committee was held at 11:00 a.m. on Wednesday, June 13, 2007 in Council Chambers, 1207 Palm Boulevard, Isle of Palms, South Carolina. Present were Chairwoman Julia Tucker, Committee members Malcolm Burgis, Terri Haack, Rick Linville and Jimmy Ward, City Administrator Linda Tucker, City Treasurer Debbie Suggs, Recreation Director Norma Jean Page and City Clerk Marie Copeland.

1. Call to Order. Chairwoman Tucker called the Accommodations Tax Committee meeting to order and stated that members of the press and the public have been duly notified in accordance with State and Federal law. Despite Margaret Miller's absence due to a business trip and to Ron Davis' resignation, there was a quorum present to conduct business.

2. Approval of Previous Meeting's Minutes – February 14, 2007

MOTION: Mr. Linville moved for the approval of the February 14, 2007 minutes as presented; seconded by Mr. Burgis; MOTION PASSED UNANIMOUSLY.

3. Monthly Financial Statement – City Treasurer Debbie Suggs

Treasurer Suggs discussed the Revenue and Expense Statements for the eleven months ending May 31, 2007 and the proposed FY2007-2008 Budget. Copies of all are attached. Since the Committee has not met in several months, she reviewed the expenses in detail. Treasurer Suggs pointed out that the inflatable boat for the Fire Department had exceeded budget by approximately \$1500 while the ATV was under budget by nearly \$2000.

MOTION: Mr. Burgis moved that the over-budgeted expense of the inflatable boat be covered by the less than budgeted cost of the ATV; seconded by Mr. Ward; MOTION PASSED UNANIMOUSLY.

Ms. Haack asked what becomes of the funds which are not expensed in this budget year; Treasurer Suggs explained these funds stay in the fund balance. Treasurer Suggs went on to say that there are no time limits for items that are approved outside the budget in this Committee.

Mr. Ward asked if all of the expenses are in for the ferris wheel at the Taste of the Island and was told that they are not, for example, the invoice for the rental of the ferris wheel has not been received. He was also interested if the billings were in for Spoleto; again the answer was "no," but Treasurer Suggs says the expenses will be well under budget.

On the revenue side, Treasurer Suggs commented that the December 2006 check from the State was \$141,000; of that total, ATAX retained \$88,000 for its use. In March of this year the receipts were \$70,000. There has been a substantial increase in revenue over the previous year indicating a growth in accommodations activity. Ms. Haack stated that she did not feel that the volume has increased as much as the rates; she added that the larger homes with more rooms to accommodate guests tend to inflate the rates.

The Balance Sheet for Accommodations Tax indicates a fund balance of \$624,642.

5. New Business
A. 2007-2008 ATAX Budget

In discussing the new fiscal budget, Treasurer Suggs stated that she bases revenues for the coming fiscal year on the previous four (4) quarters receipts; the total for FY2007-2008 is \$587,883.

In the area of transfer to other funds, Treasurer Suggs pointed out a new item, i.e. Capital Projects Fund; this is the fund where funds will be accumulated for future potential beach renourishment. The total of transfers to other funds for FY2007-2008 is \$310,667.

Budged expenditures for FY2007-2008 of \$664,605 are as follows:

1. General Government - \$404,000
 - A. \$30,000 – island-wide traffic study;
 - B. \$12,000 – T-shirt give away;
 - C. \$259,000 – to Charleston Visitor’s Bureau or Mt. Pleasant/IOP Visitor’s Center, according to State Law.
2. Police Department - \$34,550
Replace Dodge Durango, 2 laptops and digital camera for investigator
3. Fire Department - \$80,126
 - A. \$29,000 – replace rescue pickup truck
 - B. \$9,000 – DVD training system
4. Public Works Department – \$69,139
 - A. \$40,550 – 25% for garbage truck purchase on municipal lease
 - B. \$9,625 – 25% for Ford 150 with dump body
5. Recreation Department - \$3,000
Annual top dressing for playground

6. Public Restrooms - \$73,789
\$40,833 - Full year coverage for attendant @ \$89-125/day

In discussing the beach renourishment, Ms Haack asked if there were any funds coming from the General Fund for the project; Treasurer Suggs said there were none. Since the renourishment project will be in the Wild Dunes area, since Wild Dunes is closely tied to tourism on the island and since beach renourishment is one of the named eligible activities in the law for Accommodations Taxes, no problem is anticipated in gaining approval from the state. Administrator Tucker related that \$46,000 was earmarked for beach renourishment in the FY2006-2007 budget; the 2007-2008 budgeted amount could be used to pursue a permit or toward the actual project. The plan is to have funds available once the City Council knows what is to be executed. In response to Ms. Haack's concerns, Treasurer Suggs stated that she will ask the TERC Committee if funds must also be set aside from the General Fund as well.

Mr. Ward asked what the Parking Study would entail. Administrator Tucker related that the study will include everything on the island except the public parking lots; the purpose is to identify where there is allowable parking and where there is not, where there are obstructions to parking which should be opened up and where parking areas should be identified as "no parking" that currently are not. An RFP went out in this fiscal year, but there were no respondents. The City staff will continue to work on this endeavor

There is \$100,000 to fund miscellaneous projects which are presented to the ATAX Committee each year. Chairwoman Tucker commented that, in the previous year, that expense had been \$167,000, and she thought that the coming year should, at least, be as much as the previous year. Treasurer Suggs was in agreement that this figure should be increased to be more representative of what will take place. Administrator Tucker noted that the increase will be based on actual expenditures, not projected; therefore, the final number may not be \$167,000.

Ms. Haack commented that there was the possibility that the expenditures in FY2007-2008 may not be as great as anticipated with the number of vehicles, boats, etc. which had been purchase in the current fiscal year. Chairman Tucker stated that such purchases are typically done every year in that these items are purchased on a rotation schedule based on useful life. Based on that information, Chairman Tucker asked Treasurer Suggs to provide the Committee members with the schedule of capital purchases.

The net of the revenue and expenditures as budgeted for FY2007-2008 is a deficit of \$76,722 plus the increase of \$67,000; Treasurer Suggs stated that this deficit does not concern her since the revenues have continued to increase over the years and the Committee has a large fund balance that will carry over.

MOTION: Mr. Ward moved for the approval of the FY2007-2008 ATAX Budget as changed; Mr. Linville seconded; MOTION PASSED UNANIMOUSLY.

4. Old Business

Status of Revised City Tourism Brochure – Chairman Tucker and Ms. Haack will discuss after the meeting.

5. New Business

B. Funding Applications

1. \$20,000 for repairs to Gymnasium Ceiling at Recreation Center.
Recreation Director Page commented that efforts are on-going to bring the gymnasium to a higher level to reflect the expansion. The ceiling has been in place since the building was built in the 1970's. The proposal is to drop the ceiling and replace the lighting; the total project cost is \$55,000 with the balance coming from the Building Fund.

MOTION: Mr. Linville moved for approving \$20,000 for the replacing of the gymnasium ceiling; seconded by Mr. Ward.

Director Page informed the Committee that the Building Fund has a balance of approximately \$100,000 and that it is made up of donations to the Recreation Department. The Recreation Department does receive 10% of the sponsorship money from the Connector Run. The Building Fund will be used as the City Council or Recreation Committee approves.

MOTION PASSED UNANIMOUSLY.

2. \$7,500 for Isle of Palms Connector Run and Walk for the Child.
Director Page stated that she is on the Board of Directors for the Connector Run/Walk; she added that 100% of the money raised goes to the prevention of child abuse. The ATAX Committee has given \$7,500 for the past two (2) years. When asked to explain the increased contributions to the Run/Walk over the last couple of years, Director Page attributed it to both marketing and more runners participating. Director Page informed Chairwoman Tucker that Mount Pleasant does the advertising for the event through its website, running clubs in the eastern United States, newspapers and running magazines. Chairwoman Tucker

suggested that Director Page work with the local hotels and resorts in the area to encourage them to advertise for the Run/Walk on their websites as well.

MOTION: Ms. Haack moved for the approval of \$7,500 for the Isle of Palms Connector Run and Walk for the Child; Mr. Ward seconded; MOTION PASSED UNANIMOUSLY.

3. Assist Fire Department with Replacement of Flag Pole on Connector.

Administrator Tucker asked that this item be deferred until the next meeting as the cost estimates had not been obtained.

6. Miscellaneous Business

Chairwoman Tucker announced that Ron Davis had resigned from the ATAX Committee; he represented the Hospitality Lodging industry. Administrator Tucker related that she expected a recommendation for his replacement at the June meeting of City Council on June 26, 2007.

Ms. Haack has taken a new position with her firm, which demands that she relocate, but she plans to remain here through the end of the year; after that, she expects to be back and forth. Her term expires December 2007.

Next Meeting: 11:00 a.m., Wednesday, July 11, 2007.

Administrator Tucker commented on the quality of "Swan Lake," the Spoleto event sponsored by the ATAX Committee.

Perrin Lawson of the Charleston Area Convention and Visitors Bureau was present and was asked by Ms. Haack to inform the Committee of relevant updates. He began by stating that the increase in ATAX collections is, in his opinion, a combination of several factors, but he attributes one philosophy particularly, i.e. which is not to attract more and more people but to attract a higher spending visitor to get the economic benefits without putting a strain on the infrastructure. He added that beaches is Number 3, following Historical Ambience and Dining, on the Visitor Intercept study of the top 10 things for which Charleston is known.

Mr. Lawson also commented on the effect that is expected from AirTran's move into the Charleston market; their presence could attract one, maybe two, other discount air carriers to the area. He feels confident that AirTran's presence will make a dramatic difference to groups coming to Charleston where airfare to and from has been cost

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prohibitive in the past. He also reported on a concerted effort being made by local companies to guarantee AirTran's success by requiring that business travel use AirTran.

With no further business to come before the Committee, Mr. Ward moved to adjourn; Chairwoman Tucker seconded; the motion passed without objection at 12:40 p.m.

Respectfully submitted

Julia Tucker, Chairwoman