

ACCOMMODATIONS TAX ADVISORY COMMITTEE

11:00 a.m., Wednesday, July 11, 2012

The regular meeting of the Accommodations Tax Advisory Committee was held at 11 a.m. on Wednesday, July 11, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee members Burgis, Covington, Russell, Nelson, Kruesi and Chair Ferencz, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. A quorum was present to conduct business; Ms. Miller's absence was excused.

1. Chair Ferencz 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: Mr. Burgis moved to approve the minutes of the regular meeting of April 4, 2012 as submitted; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

Administrator Tucker was pleased to welcome Mary Alice Kruesi who was attending her first meeting.

Chair Ferencz acknowledged that the *Agenda* for this meeting was very full and suggested that Items E and F under *New Business* be postponed to the next meeting.

MOTION: Mr. Nelson moved to postpone the items noted above to the next meeting; Ms. Russell seconded and the motion PASSED UNANIMOUSLY.

On a related subject, Chair Ferencz remarked that, since this ATAX Committee was moving in a different direction from past Committees and was more of a working committee, it would benefit from meeting more frequently so she recommended that the ATAX Committee begin to meet every other month – making the next meeting date September 5, 2012.

MOTION: Ms. Kruesi moved to hold ATAX Committee meetings bi-monthly effective immediately; Mr. Covington seconded and the motion PASSED UNANIMOUSLY.

4. Quarterly/Preliminary Year-end Financial Statement – Treasurer Suggs

Treasurer Suggs directed attention to the Balance Sheet and repeated that the reports being reviewed at this meeting are preliminary and unaudited year-end figures; the only substantial change to the figures presented here will be the June quarter's state ATAX payment. Cash in the bank at June 30, 2012 totalled nine hundred seventy-one thousand dollars (\$971,000); in excess of eight hundred thousand dollars (\$800,000) was held at the Local Government Investment Pool (LGIP) where the interest rate was twenty-nine hundredths percent (0.290%).

Revenues since the April meeting were composed of interest and the proceeds from the sale of two (2) patrol vehicles that had been purchased with ATAX funds.

The review of the expenditures since the April meeting indicated that the following accounts had exceeded their budget as follows:

Beach Barrel & Trash Pickup, etc.	\$930.00
Police Department – Body Armor	13.71
Beach Trash Barrels	335.29

MOTION: Mr. Nelson moved to approve payment of the accounts over-budget as detailed above; Ms. Kruesi seconded and the motion PASSED UNANIMOUSLY.

The Treasurer referred to the schedule that details the ATAX income quarter-by-quarter over two (2) years. Revenues for the March 2012 quarter were fourteen percent (14%) greater than the same quarter 2011.

On the blue schedule, the preliminary and unaudited balance in State ATAX for June 30, 2012 are predicted to be one million one hundred seventy thousand dollars (\$1,170,000), which is a fifty-two thousand nine hundred dollars (\$52,900.00) surplus. This surplus can be attributed primarily to projects that did not occur, i.e. the parking nodes on Ocean Boulevard, the purchase of the mobile radio repeater and payments for supplementary personnel in the Fire Department on summer weekends. Also some items, like the beach walkover, were re-budgeted for FY13.

Responding to the Chair's inquiry, the projected deficit for the ATAX fund for FY12 was four hundred thirty-five thousand dollars (\$435,000).

5. Old Business

A. Summary Report of Ways and Means/Council Meetings' Response to ATAX Committee's Request for 2012-2013 Budget Recommendations - Sandy Ferencz

Chair Ferencz reminded the Committee that they had been proactive in their approach to the FY13 budget as they included projects. Attached to the historical record of the meeting are a synopsis of Chair Ferencz's impressions from attending the April and May Ways and Means Committee meetings and copies of the relevant portions of the minutes from those two (2) meetings.

With the reductions to the ATAX FY13 budget, the fund balance will be reduced by only twenty-nine thousand dollars (\$29,000) as opposed to the three hundred fourteen thousand dollars (\$314,000) as proposed by the ATAX Committee. Chair Ferencz stated that Council is composed of true fiscal conservatives who want the ATAX Committee to actively seek out ways to "put more heads in beds," but who want those efforts to stay within the range of annual income. She added that she inferred that Council wants the ATAX Committee to follow the spending guidelines of the state, but to keep the fund balance available for emergency spending while continuing to provide the services necessary to ensure that all visitors to the island have a positive experience.

At the April meeting, the Committee had charged the City Treasurer with contacting the TERC Committee to get a ruling on the City's being allowed to reserve ATAX funds as disaster emergency fund, in hopes that the City could build reserves while staying compliant with the two-year policy. The City's request to hold funds longer than two (2) years, specifically to recover from a natural disaster, was denied.

Ms. Kruesi asked whether funds were available for use in FY13 other than the items identified in the budget; Treasurer Suggs informed her that the ATAX Committee has fifty thousand dollars (\$50,000) for approved projects throughout the year. The funds support applications brought before the Committee, like the rescue sleds on the *Agenda* for today's meeting.

Ms. Kruesi voiced the opinion that an off-season event would be an excellent way to draw people to the island, but to hold an event that would reflect the proper image of the island would require time and the talents of an experienced event planner. If the City is fortunate enough to have a resident who would volunteer his/her time and talents that would be wonderful, but if that is not the case, someone should be engaged who has the knowledge and the local connections to guarantee a successful event. Ms. Kruesi suggested that the Committee needs to locate that resident who can provide the City with the services needed, whether as a volunteer or for compensation. She added that, if the Committee begins now to plan for a future event, it can also begin allocating the funds needed to have a quality off-season event.

Chair Ferencz expressed her opinion that the Ways and Means Committee was less inclined to support the ATAX Committee's proposal because it did not present a plan; she was also in favor of assigning an *ad hoc* committee from ATAX to work on an off-season event.

Chair Ferencz stated that the Recreation Department had been allocated funds for an off-season event in this budget year, which could possibly serve as the seed money for an event to be held at a later date.

Regarding a proposed timeframe for an off-season event, the consensus of the Committee was the fall or winter of 2013. The Committee thought that was sufficient time to produce a quality, off-season event and to allocate the necessary funding.

B. Recreation Report – 2011-2012 Special Events – Director Page

Director Page noted that the ATAX Committee supports a number of events throughout the year; they include the IOP Beach Run, the Connector Run, the Lowcountry Blues Bash, the Easter Egg Hunt, the Piccolo Spoleto Sand Sculpting Contest and the Front Beach tree lighting. The Beach Run attracts people from nineteen (19) states, and the number of participants has increased over the past three (3) years. The Director attributes part of the success and growth to the City's growing electronic media presence. The Connector Run will not be held until October, but three hundred twenty-nine (329) runners/walkers from eight (8) states have already registered. Five to six hundred (500-600) people attend the Blues Bash over the two (2) day event. The tree lighting in 2011 was not as successful as hoped, so the Recreation Department has decided to take a different approach involving the local restaurants with entertainment on the street. The sand sculpting event drew forty-eight (48) teams this year.

The FY12 budget includes funding for a summer arts production or event; the event was a comedian/magician "Great Scott." Director Page was pleased with the turnout, but believes that such an event would draw a bigger crowd in the spring or fall.

The Director remarked that the Recreation staff is considering a race starting on Front Beach, going to Sullivan's Island and returning to Front Beach where there would be some type of festival in January or February. She stated that this idea had come to her at an earlier meeting of the ATAX Committee as the members discussed an off-season event.

7. New Business

A. 2012-2012 ATAX Budget Presentation – Treasurer Suggs

The Treasurer drew attention to the schedule on which she had written “Ratified 5/22/12” and a sheet entitled “Reconciliation of FY13 Budget . . .” The reconciliation takes the budget as presented to the Committee in their April meeting, incorporates the additions made by the Committee and the changes made by City Council to arrive at a projected deficit for FY13 of twenty-nine thousand seven hundred dollars (\$29,700).

B. Request from Charleston Symphony Orchestra for \$10,000 for General Operating Expense for 2012-2013 Season

Alana Morrell, Director of Development, spoke to the Committee regarding the request for funding, a copy of which is attached to the historical record of the meeting; she noted that the Charleston Symphony Orchestra (CSO) performs before thirty thousand (30,000) people each year through more than one hundred (100) concerts and events. She reported that the CSO restructured in 2011 and has trimmed one million dollars (\$1,000,000) from its budget; they ended the 2011-2012 season with a surplus. Ninety-eight percent (98%) of previous subscribers have renewed for the coming year, and they are now seeking new subscribers. The CSO relies on contributions from individuals, corporations, government entities and other philanthropic groups to support seventy percent (70%) of its annual budget.

Chair Ferencz asked whether the CSO was considering a performance on the Isle of Palms; Ms. Morrell responded that no plans were “in the works,” but the CSO was open to all suggestions.

The discussion centered on the fact that the CSO request would not “put heads in beds” on the Isle of Palms; Chair Ferencz asked if there would be a medium for advertising the island through the CSO. Ms. Morrell explained that the program book reaches thirty thousand (30,000) people, and the subscription brochures go to in excess of fifty thousand (50,000) people. Initiatives to reach outside of the state and through electronic media are expanding to broaden awareness of the symphony.

Administrator Tucker asked whether performances at Kiawah and Mount Pleasant were in return for the contributions that these municipal governments make to CSO or were initiatives of the CSO performances. Rephrasing her comments, the Administrator inquired about whether the City would receive free advertising space if the ATAX Committee and Council were to approve the funding request. The Administrator added that the Committee might be more interested in “a proposal from the symphony that actually did outline some action item benefits to attracting Isle of Palms’ visitors in return for some type of investment in the symphony.” The City has had Spoleto performances on the island in return for support of the event; there are venues on the island that

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would be conducive to a production by CSO. In addition, Administrator Tucker voiced her opinion that City Council would be more inclined to support an investment in CSO if they could see an increase in visitation on the Isle of Palms because of it.

MOTION: Mr. Covington moved to postpone action by the Committee on the CSO request until they come forward with an alternate proposal; Mr. Burgis seconded and the motion PASSED UNANIMOUSLY.

C. Request from General Government for IOP Brochure

Administrator Tucker explained that the City has had brochures in the past that were distributed by the Charleston Visitors Bureau (CVB) and the various rental companies, but the City's brochures were produced in-house, not by a professional design team. In addition, all General Government personnel wear multiple hats as a rule; therefore, a project of this sort tends to take a 'back burner.'

Assistant Dziuban spoke with personnel at Rawl Murdy, a local advertising firm, in an effort to determine the cost of camera-ready artwork for a Spoleto advertisement. They were willing to work with the City, but focused on the big picture – determining how the advertisement would be used and the goal of said advertising.

Ms. Russell queried about opportunities to work with other graphic artists or an art student to produce a camera-ready ad, rather than going to a full service firm; Administrator Tucker noted that the City has done this in the past with marginal success. The Administrator noted that she has had informal dialogue with Perrin Lawson of the CVB about the possibility that CVB has people on staff who could assist the City.

According to Assistant Dziuban, Rawl Murdy told her that the City could set any kind of budget and get what that would buy; she was encouraged to know what the City purpose and goal for the advertising would be before setting a budget.

Administrator Tucker indicated that the City needs a brochure to have a presence in visitors' centers throughout the state, which was the original goal of the brochure; she recommended that the City review what the costs to produce that brochure had been, adding some amount to it and going back to Rawl Murdy, or another firm, to see what they could produce.

Ms. Kruesi commented that she is involved in advertising for her business and that the City needed to decide on the purpose for each individual project; for the visitors' centers, she suggested a brochure should indicate what the island offers. She also agreed that the media that serves to draw more people to Isle of Palms today is web-

based; therefore, the City might benefit from an attractive addition to the City's website to define the facilities and restaurants available. In her opinion, an advertisement for Spoleto or the symphony should target these patrons to return to the area in the off-season. Concluding, Ms. Kruesi said that she could provide the names of several firms from which the City could get cost estimates and would provide that information to the City Administrator.

D. Request from the Fire Department for 2 rescue sleds

Chief Graham brought forward a water rescue sled that the Department has been testing for several weeks and introduced Firefighter David Mello; she explained that they do water rescues throughout the year. At this time, the City does not own any of these rescue sleds which attached easily to any jet ski and make for a more efficient and a safer rescue. Mr. Mello demonstrated how the rescue sled is used and how it makes water rescue safer for both the rescuer and the person being rescued – even if that person is unconscious.

Responding to Chair Ferencz's inquiry, Chief Graham stated that she had not been able to find and test a quality product prior to passage of the budget.

In addition to the rescue sleds, the funding request included VHF handheld radios with speaker microphones for ease in communicating with the incident commander on shore.

Mr. Covington asked Mr. Mello about the cost and life span of the rescue sled; Mr. Mello stated that the sleds cost less than one thousand dollars (\$1,000) each, plus shipping, and he did not know the lifespan.

MOTION: Mr. Covington moved to award the Fire Department \$3,014.13 for the purchase of rescue sleds and VHF handheld radios; Ms. Kruesi seconded and the motion PASSED UNANIMOUSLY.

8. Miscellaneous Business

Administrator Tucker informed the Committee that legislation on the Freedom of Information Act passed recently stating that nothing can be added to an agenda once it has been printed and posted; she urged Committee members to contact the Chair if there was an item they wanted to discuss at an upcoming meeting.

Thanks to County Councilmember Schweers and County Administrator Taylor, the City was given forty thousand dollars (\$40,000) to offset the cost of additional Beach Services Officers this season. The Administrator urged the Committee members to thank these gentlemen.

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In the past month, Moody's rating agency upgraded the City's financial rating from Aa2 to Aa1; Administrator Tucker explained that this was like receiving the "Good House-keeping Seal of Approval" for financial responsibility.

In conclusion, the Administrator congratulated Perrin Lawson for twenty (20) years of service to the Charleston Visitors Bureau and thanked him for being a good steward for the City of Isle of Palms.

8. Adjourn

MOTION: Mr. Burgis moved to adjourn the meeting at 12:38 p.m.; Mr. Nelson seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk