

**ACCOMMODATIONS TAX ADVISORY COMMITTEE**  
**SPECIAL MEETING**

11:00 a.m., Wednesday, May 6, 2009

The Accommodations Tax Advisory Committee held a special meeting at 11:00 a.m. on Wednesday, May 6, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Chairman Ward, Committee members Burgis, Ferencz and Hollingworth, Administrator Tucker, Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. Committee members Linville, Nelson and Miller had excused absences. There was a quorum present to conduct business.

1. Chairman Ward called the meeting to order and acknowledged that the press and the public had been duly notified of the meeting in accordance with the Freedom of Information Act.

**2. Discussion of FY 2009-2010 Budget**

Chairman Ward explained that the purpose of this meeting was to review the State Accommodations Tax budget as it has changed as a result of the Ways and Means Committee's budget workshop.

Treasurer Suggs distributed three (3) handouts – one listed the changes made to the State Accommodations Taxes by the Ways and Means Committee, the second was the revised budget and the third was an analysis of spending for the past two (2) years. The original ATAX budget resulted a deficit for the fiscal year of \$350,862; the changes still result in a deficit, but it has been reduced to \$150,344. Treasurer Suggs stated that she anticipates this budget to be presented to City Council for second reading and ratification on May 19, 2009.

The Ways and Means Committee decided that, with the decreased revenue anticipated in this budget year, funds were not available to add to the Beach Reserve Fund; therefore, the contribution of fifty thousand dollars (\$50,000) was deleted. The transfer to the marina for bulkhead debt service has been reduced by eleven thousand eighteen dollars (\$11,018), because the City got a very favorable rate on the bond for the bulkhead and it was decided to split the debt service between three (3) funds. Dredging has been postponed, but the Ways and Means Committee decided to leave in funds for engineering and permits for dredging; the transfer to the marina for dredging has been reduced by one hundred thousand dollars (\$100,000). A total of \$161,018 was added back to revenue and transfers.

On the expenditure side, the purchase of the Fire Department ATV was moved to FY11 reducing expenditures by eleven thousand dollars (\$11,000). Maintenance of the parking lot was moved to Municipal Accommodations Fees, taking one thousand dollars (\$1,000) out of expenditures. Thirty thousand dollars (\$30,000) was in the budget for repair of the roof on the public restrooms, but the repairs must be made as quickly as possible and funds were found in the FY09 budget to cover the cost of repairs. In correcting an error to the line item that included special events, two thousand five hundred dollars was added to expenditures. In total, expenditures were decreased by thirty-nine thousand five hundred dollars (\$39,500).

With these changes, the deficit for FY10 becomes \$150,344 with approximately nine hundred ten thousand dollars (\$910,000) in fund balance at the beginning of the fiscal year.

Ms. Ferencz asked if the estimates of accommodations taxes revenue continue to be valid. The Treasurer responded that the reduction of fifteen percent (15%) of the current year's actual revenue is a reasonable expectation.

Chairman Ward asked that Treasurer Suggs review the handout that analyzed the spending for the past two (2) years. The Treasurer stated that this analysis was in response to a question she had been asked at the April meeting. The state law that defines the time limit imposed on spending accommodations tax funds as two (2) years. The calculations below show that expenditures exceeded the fund balance each of the last two (2) years, so the City is in compliance with the State code.

The Treasurer pointed out that the State law does have a provision that will allow a municipality to exceed the two (2) year time limit if the funds are for a specific purpose and with the approval of the Oversight Committee; she speculated that a case could be made for the Beach Restoration Project.

Ms. Hollingsworth complimented the person responsible for the City's website and the way it promotes the island. She expressed her opinion that, in a down economy, it was important that the City advertise in a way that makes the City appear more positive than other areas, but she believes that there should be more promotion of the Isle of Palms. She noted that, in the past, there has been no need for the City to advertise, but in the current economy the need was present. She commented that the City would benefit from promotion within the tri-county area; she suggested that a billboard at a key approach to the City of Charleston could greatly increase activity on the island. Ms. Hollingsworth recalled the first brochure the City had as great promotion of the island. She remarked to the impact accommodations taxes has on the City and cautioned that promoting the island was one way to ensure that those funds do not dramatically decrease.

Ms. Hollingsworth stated that she had turned down serving on the Chamber of Commerce for medical reasons and regretted having to do so, because she does not think the Isle of Palms gets enough recognition locally. She suggested that the Charleston Visitors Bureau (CVB) be contacted to better promote the Isle of Palms or to suggest ways in which that can be accomplished.

Administrator Tucker remarked that she had engaged in dialogue with the CVB about promotion and found that they tend to keep it general to the entire area, not specific to any particular location. She suggested entertaining some kind of proposal for them if the City augmented what was paid to them for them to tailor some advertising specific to the Isle of Palms.

Chairman Ward asked the Committee if anyone had additional suggestions to reduce the deficit further or to eliminate it entirely. Neither Ms. Ferencz nor Mr. Burgis thought that there were additional cuts to be made.

Chairman Ward stated that, although he expected them to be received with reservation, he had compiled the following list of reductions to the budget:

- Reduce to \$10,000 *Tourism Promotion General*, for t-shirts and website maintenance and hosting, eliminating \$10,900 expense;
- Postpone purchasing the Police vehicle, eliminating \$23,000 expense;
- Postpone purchasing the Fire Department jet ski, eliminating \$9,000 expense;
- Eliminate the pooper scoops and stations, eliminating \$10,175 in expense;
- Reduce contracted services by half, eliminating \$43,000 in expense.

He stated that, in his personal and professional life, he could not operate with a deficit; either he had the money to pay his expenses or he did not. He thought that the same should be said for government; Chairman Ward's proposed changes reduced expenses by \$96,075 and reduced the deficit to \$54,269. Despite the fact that Chairman Ward would have liked to eliminate the deficit completely, he stated that he could "live" with this amount to be funded by existing fund balance.

Ms. Ferencz pointed out that removing the purchase of the police vehicle also reduces revenue associated with the sale of assets.

Ms. Hollingsworth stated that she believed that she was unqualified to respond to Chairman Ward's proposal and asked that the Treasurer and Administrator respond to his suggestions. Administrator Tucker explained that the police vehicles were on a very specific rotation in the Capital Projects; to cut a vehicle from this year's budget would mean getting off the time frame and keeping a vehicle at a time that experience has proven will become maintenance intensive. An increase to maintenance expense in the General Fund would ultimately translate to an increase in the millage.

About the jet ski; the Administrator stated that the jet skis get a tremendous amount of use for water rescues on the beach and in the creeks behind the island. There is also the factor of the sea air and salt water that take their toll on the jet skis despite the care given then when they come out of the water at the end of the day. It is imperative that the jet skis start the first time every time since a person's safety is at stake. Ms. Hollingsworth asked if this type equipment was on a rotation for replacement like the Police vehicles; the Administrator commented that over time the staff has learned how long the equipment can be maintained before major problems begin to occur.

As for the pooper scoopers and stations, Ms. Hollingsworth complimented Chairman Ward for taking his own plastic bags to the beach, but noted that he was an exception to the rule. She commented that she has heard people comment on how nice it is to have the amenities available for people with dogs; she added that she does not own a dog but was "dead set against" eliminating it from the budget.

Administrator Tucker noted that the City gets requests for additional stations both on the beach and on other parts of the island, and she stated her own amazement with the cost of these items.

On the subject of *Contracted Services*, which includes business district trash pickup, year-round beach cleanup and filling in holes on the beach, Ms. Hollingsworth stated that these were items that she believed should be paid with accommodations taxes in a beach community. Administrator Tucker explained that these things were contractual obligations for the City; if not approved for payment by this Committee, the expense would have to be shifted to another fund.

As far as the t-shirt giveaway and the website, Ms. Hollingsworth stated that she would support them even more, especially in this down economy, and to gain access to more databases and to get more people enrolled in the e-newsletter. She expressed her opinion that this has been one of the best actions the City has taken to promote itself.

Administrator Tucker asked Assistant Dziuban to inform the Committee of the award that has been given to the City for the website. Assistant Dziuban stated that, on Monday, she and Director Page had gone to Columbia to make a presentation to the MASC for the annual Achievement Award for the City's e-newsletter; the City was notified on Tuesday that it has won the Achievement Award for Communications for the State of South Carolina. She thanked the ATAX Committee for the funding it provides for the e-newsletter.

Administrator Tucker commented that the t-shirt giveaway and the e-newsletter were two (2) things that generate more contact for City Hall with visitors, "which means that the City, which is the fact-base of the community, has direct contact with the visitors." This contact means that the visitors get extremely accurate information about the City and what it can provide. All in all, the t-shirts and e-newsletter are very positive ways for guests to have an encounter with the City.

Assistant Dziuban added that the two (2) things are linked in that the notification of the t-shirt giveaway is only on the website. When the visitor comes to get a t-shirt, he/she will present a printed page from the website on which is written his/her name, address and web address to be added to the City's database to receive visitor newsletters on an on-going basis.

Ms. Ferencz asked if state accommodations taxes were the only source of funds for the pooper scoopers, bags and stations; Treasurer Suggs stated that it was. Ms. Ferencz asked if there were any way that the expenses could be decreased by other funds participating in the costs. Ms. Hollingsworth and the Treasurer agreed that the costs for these items has always been paid through state accommodations taxes.

Mr. Burgis noted that the jet skis were safety equipment that needed to be replaced periodically, because they must be in condition always to save a life. He added that he agreed with the timing of the vehicle replacement; he has always supported the pooper scoopers, bags and the website; and, as a Front Beach business, he saw the value of the trash removal to keep the City looking its best for tourists. In conclusion, he complimented the Administrator and Treasurer for the cuts they had made and stated that he did not think it could be cut further.

**MOTION: Mr. Burgis moved to approve the State Accommodations Tax budget as presented; Ms. Hollingsworth seconded and the motion PASSED on a vote of 3 to 1 with Chairman Ward casting the negative vote.**

Administrator Tucker asked that the record include the discussion of the Chair's concerns about the budget and the issue of doing more promotion for discussion at the Ways and Means Committee meeting.

**3. Adjourn**

**MOTION: Mr. Burgis moved to adjourn the meeting at 11:41 a.m.; Ms. Hollingsworth seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk