

WAYS and MEANS COMMITTEE
5:45 p.m., Tuesday, September 18, 2012

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, September 18, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Loftus, Stone and Ward, Mayor Cronin, Assistant to the Administrator Dziuban and City Clerk Copeland. The absence of Councilmember Thomas was excused and a quorum was present to conduct business.

1. Mayor Cronin 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: Councilmember Bettelli moved to approve the minutes of the regular meeting of August 21, 2012 as submitted; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. **Financial Statement** – Treasurer Suggs

Treasurer Suggs reported that the field work for the annual audit is in its second week and is expected to be completed by the end of next week.

A. August Financial Statement

According to the Treasurer, much of the August receipts were for FY12 and, therefore, are not reflected in the reports for this meeting. Of the receipts year-to-date of six hundred thirty-two thousand dollars (\$632,000), three hundred ninety-one thousand dollars (\$391,000) are from rental licenses; the amount collected reflects eighty-two percent (82%) of budgeted revenue for FY13. The receipts included in "All Other" are the forty thousand dollar (\$40,000) grant from Charleston County for Beach Service Officers, fifty-two thousand dollars (\$52,000) from classes at the Recreation Department, seven thousand dollars (\$7,000) in dispatch fees from Sullivan's Island and eight thousand dollars (\$8,000) in court revenue. With a two (2) month target for expenditures of seventeen percent (17%), all departments are at or below that target. Cash on-hand in BB&T and the Local Government Investment Pool (LGIP) totals two million seven hundred eighty-eight thousand dollars (\$2,788,000) or thirty-three percent (33%) of annual General Fund Expenditures.

B. Tourism Schedules

Municipal Accommodations Fees are six percent (6%) greater than the same period in FY12.

The City has not received money from the Charleston County Accommodations Tax Pass-through or State Accommodations Taxes.

Hospitality Tax collections were good for the first two (2) months of FY13 and are twelve and a half percent (12.5%) higher than the same period in FY12.

C. Projects Status

A payment to Coastal Science and Engineering for surveying, testing for lighting and compaction testing was the only activity in the Beach Restoration Project for August.

Civil Site Environmental invoiced the City for surveying and drawings in August; one hundred eleven thousand dollars (\$111,000) remains to be spent on the design and engineering for the second phase of the drainage project.

Councilmember Carroll commented that the scope of the project has been narrowed to run from 45th to 52nd Avenues from 42nd to 52nd Avenues.

5. Old Business – None

6. New Business

A. Discussion of Year-end General Fund Gain Related to Audit Completion

Mayor Cronin reported that preliminary audit numbers indicate the City will have a surplus in the General Fund of eight hundred thousand dollars (\$800,000); he proposed moving seven hundred thousand dollars (\$700,000) to the Capital Projects Fund and leaving one hundred thousand dollars (\$100,000) in the General Fund to expedite completion of the audit. At the October meeting, the Mayor intends to suggest that the Committee consider using the seven hundred thousand dollars (\$700,000) in Capital Projects to increase the Disaster Recover Fund to two million dollars (\$2,000,000), pay down all of the remaining capital leases and leave the balance in the Capital Projects Fund taking the fund balance back to the level at the end of FY11.

MOTION: Mayor Cronin moved to transfer \$700,000 to the Capital Projects Fund and keep \$100,000 in the General Fund; Councilmember Bettelli seconded.

Councilmember Loftus asked how much the City would save in interest expense by paying off the capital leases; the total interest will be approximately thirty-two thousand dollars (\$32,000), but the savings will not all appear in the same budget year.

Assistant Dziuban stated that the primary goal of tonight's action is to allow Treasurer Suggs to book the final FY12 journal entry to complete the audit.

Councilmember Loftus praised the Mayor's plan to pay off capital leases and applauded the staff for managing the fiscal budget so well.

Councilmember Stone questioned leaving one hundred thousand dollars (\$100,000) in the General Fund; Mayor Cronin explained that the City's employees are paid from the General Fund, so, in his opinion, keeping an unassigned balance in the General Fund would serve the City well in the event of a lack of income for whatever reason. Assistant Dziuban added that the balance in the General Fund is also a criteria on which the City is evaluated by the auditors and bond rating agencies.

VOTE: The motion PASSED UNANIMOUSLY.

B. Recommendation from Public Works Committee to maintain 18th Avenue in an amount up to \$3,500 funded from Capital Projects Fund

Mayor Cronin proposed that the Committee take no action on this item based on legal counsel.

MOTION: Mayor Cronin moved to take no action on maintaining 18th Avenue; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

C. Report on the Removal of Boardwalk at 41st Avenue

Assistant Dziuban reported that, with the approval of the Public Works Committee, the City had spent three thousand dollars (\$3,000) from the Capital Projects Fund to remove the boardwalk from this beach access; staff had determined that the boardwalk created a safety liability.

D. Recommendation from ATAX Committee for \$15,000 Sponsorship for Spoleto Festival 2013

MOTION: Mayor Cronin moved to approve the 2013 Spoleto Festival sponsorship for \$15,000; Councilmember Bergwerf seconded.

Councilmember Ward asked that the Spoleto representative come forward to answer questions and concerns regarding the sponsorship request; Stephenie Steele, Institutional Writer and Sponsorship Manager of Spoleto Festival, came forward and introduced herself to the Committee.

Councilmember Ward asked what other municipalities in the area contribute to and/or advertise with Spoleto; Ms. Steele responded that the communities involved with Spoleto are the City of Charleston, Charleston County and the Isle of Palms. Since a full page advertisement costs three thousand dollars (\$3,000), he asked Ms. Steele to explain the advantage of sponsorship over advertising and how continuing sponsorship directly relates to the Isle of Palms.

Ms. Steele noted that Spoleto has contributed to tourism in Charleston and the surrounding area for thirty-seven (37) years; therefore, she concludes that one reason tourism flourishes in the spring is due to the festival. She noted that the festival is “a huge driver of visitor traffic to the City and, by extension, to the beach communities.” Councilmember Ward had specifically mentioned that neither Seabrook nor Kiawah contribute to the festival; Ms. Steele commented that they are too distant from the City to be impacted by Spoleto – people do not want a thirty to forty-five (30-45) minute drive on two (2) lane roads at 11 p.m.

Ms. Steele continued by saying that “advertising for the island is a legitimate ATAX expenditure, but it is not supporting a tourism attraction,” and the decision about which is most effective lies with Council.

Councilmember Carroll listed the avenues of advertising the City could pursue with Spoleto and reported that to participate in all would cost thirteen thousand two hundred dollars (\$13,200) – less than the proposed sponsorship.

Ms. Steele explained that the City could not advertise in the ticket brochure; the sole purpose for the ticket brochure is to assist Spoleto patrons with making hotel accommodations for their stay in the Charleston Area. Listings in the ticket brochure provide phone numbers or email addresses for making reservations.

Ms. Steele voiced the opinion that promotion of the island and the support of the festival are two (2) separate ways of using ATAX money.

Mayor Cronin interjected that the full-page ad went far beyond the three thousand dollar (\$3,000) cost since the City would have to hire someone to produce the ad for the brochure.

Through the Spoleto website, Ms. Steele said that the City would get year-round exposure as a benefit of sponsorship through the Spoleto website in three (3) locations, i.e. the accommodations area, the general Charleston information area and the attractions page. Ms. Steele remarked that the City gets sponsorship benefits similar to the benefits offered to corporate sponsors – free show tickets, program sponsorship, email blasts, website ads and exposure in both the program book and the ticket brochure.

Mayor Cronin commented that the City has an investment in Spoleto that has paid off over the years.

Councilmember Bergwerf stated that this funding is a statement of the City's confidence in Spoleto, in wanting it to stay as it is and something that the City should continue.

The Mayor expressed the opinion that Spoleto brings people to the island; Councilmember Ward said that he has asked for years to get the number of Spoleto patrons who stay on the island, but never has gotten the data.

Ms. Steele reported that fifty-six percent (56%) of the people who attend Spoleto events are not from the tri-county area; anecdotally, patrons who come to the festival wanting to visit the beach would be more likely to go to a beach that is also a Spoleto patron. The average Spoleto patron has been to the Charleston area at least ten (10) times. Ms. Steele added that a sponsorship may not provide the return on investment the City is looking to get, but there is value to the City in associating with the festival.

Julia Forster, Director of Development for Spoleto, reported having attended an event in Charlotte in March where people told her that they stay at the Isle of Palms when they attend Spoleto because they want a combined cultural/beach vacation. In addition, she noted that some individual donors who live at Kiawah will arrange to stay in the City when they attend Spoleto events to avoid the drive back; Ms. Forster described the Isle of Palms as “incredibly appealing for the combined beach and cultural vacation.”

Councilmember Loftus stated that he thought the benefit of Spoleto sponsorship was just good business for the Isle of Palms; he added that Spoleto is “a great medium for the City to be known” and “enhances the reputation of the Isle of Palms to be partnered with a premier organization.”

Councilmember Buckhannon related that he has for many years asked for more documentation and noted that the City’s level of participation has varied from ten to fifteen thousand dollars (\$10,000 - \$15,000). He asked Ms. Steele what was being positioned in the Spoleto website to promote the City. She answered that, on the website, there is a promotional blurb provided by the City; in the email blasts, there is a promotional paragraph with a hyper-link through to the City’s website; anywhere the City is mentioned on the Spoleto homepage will link to the City’s website; and, in the program brochure, the City has lead sponsorship credit. Councilmember Buckhannon reported that he has consistently voted against Spoleto sponsorship because he has not received the information requested.

Councilmember Carroll reiterated his opinion that the City could benefit more from advertising in the various Spoleto media than from sponsorship and spend the same amount of money to support the festival.

Ms. Steele noted that advertising would require that the City arrange for an ad design and someone to generate camera-ready artwork and copy.

Mayor Cronin commented to the repeated request for specific numbers of people that Spoleto may or may not bring to the island; he suggested that the information could more readily be attained from the property management companies on the island. The Mayor indicated that a simple question regarding attendance at Spoleto events added to the rental application or at check-in could provide Council with the information it wants.

Councilmember Ward stated that he would not support the request for sponsorship, but he was willing to compromise in the future by supporting a budgeted expenditure for whatever amount necessary to generate camera-ready art and copy for a full page advertisement in Spoleto media.

VOTE: The motion FAILED on vote of 4 to 4 with Councilmembers Buckhannon, Carroll, Stone and Ward casting “nay” votes.

7. Miscellaneous Business

Mayor Cronin announced that the Recreation Department is sponsoring “Wellness Wacky Golf” at 4:00 p.m. on Monday, October 1 at the Wild Dunes Links Golf Course; Assistant Dziuban distributed flyers to all Councilmembers. The Mayor encouraged his fellow councilmembers to join in the fun.

By way of information, the Mayor stated that he plans to attend a meeting of Charleston Moves related to the proposed bike path from Folly Beach County Park to the Isle of Palms County Park. The literature enclosed with the meeting invitation reports that this bike path will bring

forty thousand eight hundred (40,800) additional tourists to the area who will spend a thousand dollars (\$1,000) each – a forty million dollar (\$40,000,000) benefit.

Mayor Cronin also reported that he attended the South Carolina International Trade Conference earlier in the day with approximately four hundred (400) people from all over the country discussing how to increase trade.

Next Meeting Date: 5:45 p.m., Tuesday, October 16, 2012

8. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 6:34 p.m.; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk