



# **The Town of Hilton Head Island Accommodations Tax Advisory Committee Regular Meeting**

**Friday, April 8, 2011  
9:00 a.m. – Benjamin M. Racusin Council Chambers**

## **AGENDA**

---

**As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting**

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**  
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes**
  - a. Special Accommodations Tax Advisory Committee Meeting of February 14, 2011
- 4. Chairman's Report**
- 5. Unfinished Business**  
None
- 6. New Business**
  - a. Hearing regarding the Chamber of Commerce and Visitor & Convention Bureau's proposed budget of expenditures for 2011-2012 of the 30% allocation of State Accommodations Tax Funds for advertising of tourism.
- 7. Adjournment**

**Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.**

**TOWN OF HILTON HEAD ISLAND  
ACCOMMODATIONS TAX ADVISORY COMMITTEE**

**Date:** February 14, 2011 **Time:** 9:00 a.m.  
**Members Present:** Willis O. Shay, *Chairman*; John Diamond, *Vice-Chairman*; John Munro, Bret Martin, Frank Soule  
**Members Absent:** Michael Keskin, Jason Presley  
**Staff Present:** Susan Simmons, *Director of Finance*; Marcy Benson, Senior Grants Administrator; Debra Cyrilla, *Accounting Specialist*  
**Council Present:** Bill Ferguson, Kim Likins, George Williams  
**Others Present:** Various representatives from some of the organizations that applied for ATAX grants and members of the public  
**Media:** None

---

**1. Call to Order:**

The meeting was called to order at 9:00 a.m.

**2. FOIA Compliance:**

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**3. Approval of Minutes:**

Mr. Martin moved to approve the Minutes of January 14, 2011. Mr. Diamond seconded the motion. The Motion passed unanimously. (5-0)

**4. Chairman's Report:**

Mr. Shay reviewed the agenda and explained that the purpose of the meeting was to review and recommend an increased grant amount for some or all ATAX applicants. This additional funding was made available when Town Council voted, at their February 2, 2011 meeting, to partially fund advertising for the Heritage Classic Foundation's annual golf tournament from the Town of Hilton Head Island's Disaster Advertising Reserve rather than from ATAX funding.

**5. Unfinished Business:** None

**6. New Business:**

**a. Reconsideration of previous grant recommendations to Town Council**

Each applicant present was given the opportunity to speak briefly on behalf of their organization and the Committee gave consideration to each applicant whether or not they had a representative present.

The Committee's recommendations are as follows:

The Art League-The Art League did not seek an increase to the amount of \$45,000 that was awarded by Town Council on February 2, 2011 and the Committee did not recommend a change.

The Arts Center-Mr. Diamond made a motion to increase the original grant recommendation by \$20,000 (from a total of \$60,000 to \$80,000). Mr. Munro seconded the motion. The motion passed (4-1). Mr. Martin voted against the motion. Later in the meeting Mr. Martin made a motion to change the increased amount to \$15,000 (from a total of \$60,000 to \$75,000). Mr. Diamond seconded the motion. The motion passed unanimously.

Community Foundation of the Lowcountry-Mr. Diamond made a motion to increase the original grant recommendation by \$15,000 (from a total of \$35,000 to \$50,000). Mr. Martin seconded the motion. The motion passed unanimously.

Harbour Town Merchants Association (4<sup>th</sup> of July fireworks)-Mr. Diamond made a motion not to increase the original recommendation. Mr. Munro seconded the motion. The motion passed unanimously.

Hilton Head Audubon Society-Mr. Munro made a motion not to increase the original recommendation. Mr. Martin seconded the motion. The motion passed unanimously.

Hilton Head Choral Society-Mr. Diamond made a motion not to increase the original recommendation. Mr. Martin seconded the motion. The motion passed unanimously.

Hilton Head Concours d'Elegance-Mr. Diamond made a motion not to increase the original recommendation. Mr. Martin seconded the motion. During discussion Mr. Soule recommended an increase of \$10,000 and Mr. Diamond recommended that the Committee approve the original motion and revisit the issue later in the meeting. The motion passed (3-2). Mr. Soule and Mr. Martin voted against the motion. Later in the meeting Mr. Soule made a motion to increase the original recommendation by \$10,000 (from a total of \$78,000 to \$88,000). Mr. Munro seconded the motion. The motion passed (4-1). Mr. Martin voted against the motion.

Hilton Head Dance Theatre-Mr. Martin made a motion not to increase the original recommendation. Mr. Soule seconded the motion. The motion passed unanimously.

Hilton Head St. Patrick's Day Parade-Received the full grant amount at Town Council's February 2, 2011 meeting and were not eligible for an increase.

Hilton Head St. Patrick's Day Parade (LEO OT) - Mr. Diamond made a motion not to increase the original recommendation. Mr. Martin seconded the motion. The motion passed unanimously.

Hilton Head Island-Bluffton Chamber of Commerce VCB-Mr. Diamond made a motion to increase the original grant recommendation by \$64,350 (from a total of \$135,000 to \$199,350) subject to review later in the meeting. Mr. Munro seconded the motion. The motion passed (4-1) Mr. Martin voted against the motion. Later in the meeting Mr. Martin made a motion to change the increased amount to \$73,850 (from a total of \$135,000 to \$208,850). Mr. Munro seconded the motion. The motion passed unanimously.

Hilton Head Symphony Orchestra-Mr. Diamond made a motion to recommend a grant award of \$30,000 and accept the change in purpose, as stated by Mary Briggs of the Symphony, for youth programs rather than the search for a new conductor. The motion failed by absence of a second. After a short discussion Mr. Munro made a motion to recommend \$10,000 toward youth programs. Mr. Martin seconded the motion. After more discussion and a recommendation by Mr. Martin to review this amount later in the meeting, the motion passed. (4-0-1) Mr. Shay had recused himself from the discussion and vote stating a conflict of interest. The conflict of interest form is attached. Later in the meeting Mr. Martin made a motion to recommend a grant award of \$15,000. Mr. Diamond seconded the motion. The motion passed (4-0-1) Mr. Shay had recused himself from the discussion and vote under the same conflict of interest stated above.

Keep Beaufort Beautiful-Mr. Munro made a motion not to increase the original recommendation. Mr. Martin seconded the motion. The motion passed unanimously.

Main Street Theater-Mr. Diamond made a motion to increase the original grant recommendation by \$10,000 (from a total of \$30,000 to \$40,000). Mr. Munro seconded the motion. The motion passed unanimously.

SC Lowcountry & Resort Islands Tourism-Mr. Martin made a motion not to increase the original recommendation. Mr. Munro seconded the motion. The motion passed unanimously.

South Carolina Repertory Company- Mr. Diamond made a motion to increase the original grant recommendation by \$15,000, the equivalent of what was awarded by Town Council at their February 2, 2011 meeting, (from a total of zero to \$15,000). Mr. Martin seconded the motion. The motion passed unanimously.

Shelter Cove Harbour Company (Harbourfest)-Mr. Munro made a motion not to increase the original recommendation. Mr. Soule seconded the motion. The motion passed (4-0-1) Mr. Martin had recused himself from the discussion and vote stating a conflict of interest. The conflict of interest form is attached.

Shelter Cove Harbour Company (4<sup>th</sup> of July fireworks)-Mr. Diamond made a motion not to increase the original recommendation. Mr. Munro seconded the motion. The motion passed (4-0-1) Mr. Martin had recused himself from the discussion and vote under the same conflict of interest as stated above.

Skull Creek July 4<sup>th</sup> Celebration-Received the full grant amount at Town Council's February 2, 2011 meeting and were not eligible for an increase.

The Coastal Discovery Museum- Mr. Diamond made a motion to increase the original grant recommendation by \$20,000, to match what was awarded by Town Council at their February 2,

2011 meeting, (from a total of \$145,000 to \$165,000). Mr. Soule seconded the motion. The motion passed unanimously.

The Heritage Library (Fort Mitchell)-Mr. Diamond made a motion not to increase the original recommendation. Mr. Martin seconded the motion. The motion passed unanimously.

The Heritage Library- Mr. Diamond made a motion to increase the original grant recommendation by \$15,000, the equivalent of what was awarded by Town Council at their February 2, 2011 meeting, (from a total of zero to \$15,000). Mr. Martin seconded the motion. The motion passed unanimously.

The Island School Council for the Arts- Mr. Martin made a motion not to increase the original recommendation. Mr. Soule seconded the motion. The motion passed unanimously.

The Sandbox-Mr. Soule made a motion to increase the original grant recommendation by \$10,000 (from a total of \$32,500 to \$42,500). Mr. Martin seconded the motion. The motion passed unanimously.

Town of Hilton Head for St. Patrick's Day LEO-Mr. Diamond made a motion to recommend that funding for law enforcement, for the St. Patrick's Day Parade, remains unchanged at zero. Mr. Martin seconded the motion. The motion passed unanimously.

Mr. Shay called for a short break at 10:40 a.m. and reconvened at 10:50 a.m.

**b. Consideration of recommendation to Town Council to phase out, possibly over a period of two or three years, approval of the so-called "forward funded" grants, i.e. those grants which are approved by Council before the availability of funds**

Representatives of the four forward-funded applicants (Mary Briggs, Hilton Head Symphony Orchestra; Kathy Bateson, Arts Center of Coastal Carolina; Charles Young, Native Island Business & Community Affairs and Susan Simmons, the Town of Hilton Head Island) were given an opportunity to address the committee regarding a phase out of forward-funding. Mr. Martin made a motion to discontinue forward-funding, but if Council votes to allow it, to phase it out over three years. After a short discussion Mr. Martin withdrew his motion. Mr. Munro made a motion to only allow forward-funding for two more years, (revenues from 2011 and 2012 to be granted in calendar years 2012 and 2013) and to discontinue its use after that time. Mr. Soule seconded the motion. The motion passed unanimously.

**7. Adjournment:**

Mr. Martin moved to adjourn the meeting. Mr. Soule seconded the Motion. The meeting was adjourned at 11:16 a.m.

**Approved:**

**Respectfully submitted:**

---

**Willis O. Shay, Chairman**

---

**Debra Cyrilla, Secretary**

HILTON HEAD ISLAND-BLUFFTON CHAMBER OF COMMERCE, INC.

HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENDITURES,  
YEAR ENDING JUNE 30, 2012 - BUDGET

	ACCOMMODATIONS TAX		PARKS, RECREATION AND TOURISM	MARKETING	MEMBERSHIP	TOTAL
	TOWN OF HHI	BLUFFTON & B/C DMO				
<b>Revenues</b>						
Town of Hilton Head Island DMO	1,075,000					1,075,000
Town of HHHI Supplmntl Grant (2011)	208,850					208,850
Town of HHHI Supplmntl Grant (2012)	225,000					225,000
Beaufort County HTAX		85,000				85,000
Beaufort County DMO		120,000				120,000
Beaufort County Grants		175,000				175,000
Town of Bluffton DMO & Walking Tour Grant		48,500				48,500
SCPRT DMO Grants			400,000			400,000
SCPRT Public-Private Co-op			125,000	325,000		450,000
Member Funding				550,000	1,750,000	2,300,000
<b>Total Revenues</b>	<b>1,508,850</b>	<b>428,500</b>	<b>525,000</b>	<b>875,000</b>	<b>1,750,000</b>	<b>5,087,350</b>
<b>Expenses:</b>						
Leisure Media & Promotions	263,792		100,000			363,792
Digital Database Marketing	174,704		50,000			224,704
Town of Bluffton Marketing	-	35,000				35,000
Beaufort County - Bluffton Promotions		94,600				94,600
Beaufort County - Daufuskie Promotions		20,400				20,400
Bluffton Market Planning & Research		15,000				15,000
Meetings and group	79,042		5,000	35,684		119,726
Public relations	95,000	5,000	14,000			114,000
International	28,000		20,000			48,000
HHI Market Planning & Research	48,500		30,000			78,500
Group tour marketing	10,000	15,000				25,000
Collateral, Fulfillment & Photography	118,000	10,000	50,000			178,000
Marketing Co-ops	35,000		125,000	290,000		450,000
General Contingency	12,373	2,000				14,373
Culinary Promotions	63,850	40,000	6,000			109,850
Biking Promotions	5,000	5,000				10,000
Golf Promotions	120,000	50,000		100,000		270,000
Sales, Marketing, Visitor Serv, Adm & Ops	455,589	136,500	125,000	449,316		1,166,405
Membership Related Expenses					1,748,000	1,748,000
<b>Total expenses</b>	<b>1,508,850</b>	<b>428,500</b>	<b>525,000</b>	<b>875,000</b>	<b>1,748,000</b>	<b>5,085,350</b>
Excess of revenues over expenses					2,000	2,000

HILTON HEAD ISLAND - BLUFFTON  
CHAMBER OF COMMERCE, INC.

HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENDITURES,  
YEAR ENDING JUNE 30, 2012 - BUDGET

	ACCOMMODATIONS TAX
Revenues - Town of Hilton Head Island - DMO	\$ 1,075,000
Town of Hilton Head Island - Supplmt Grant 2011	\$ 208,850
Town of Hilton Head Island - Supplmt Grant 2012	225,000
<b>Total Revenue</b>	<b>1,508,850</b>
Expenses:	
Direct marketing:	
Leisure	
Digital Media	125,553
Pay Per Click Marketing	59,820
Consumer Promotions	56,661
Creative, Production & Tracking	21,758
SEO	29,142
Social Media & Marketing	25,269
Video Content Development	7,775
Email Marketing	6,438
Website Enhancements & Special Landing Pages	27,990
Digital hosting, analytics & reporting	12,006
Leisure Co-op	10,000
Database Development & Mobile	66,085
Vacation Planner	76,234
Photography	6,630
Toll-Free Number	3,315
Fulfillment	31,820
Culinary Promotions'	63,850
Biking Promotions	5,000
Total leisure	<u>635,346</u>
Golf Promotions	120,000
<b>Total - Golf Promotions</b>	<b>120,000</b>
Public relations:	
Public Relations Firm & Expenses	74,170
Digital Photo Library & Special Projects	20,830
<b>Total public relations</b>	<b>95,000</b>

HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE, INC.  
HILTON HEAD ISLAND VISITOR AND CONVENTION BUREAU  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENDITURES,  
YEAR ENDING JUNE 30, 2012 - BUDGET

---

Expenses (continued):

Meetings and conferences:

Travel Trade Shows	19,121
HHI Difference Promotion	6,690
Business Cluster Initiative	3,500
Trade Sponsorships	15,000
E-mail Marketing	6,690
Mobile website	3,842
Sales Blitz	2,400
Site Inspections	2,345
Select Service co-op	3,400
Lead Prospecting Program	16,054
Meetings Co-op	25,000
Total meetings and group	<u>104,042</u>

International:

Coastal South Carolina	\$ 15,000
Coastal South Carolina-staff	2,500
Pow Wow International	4,700
International Receptives Promotion	5,800
Total international	<u>28,000</u>

Market Research

Market Research	31,975
Strategic Planning	16,525
General Contingency	12,373
Total Research, Planning & Contingency	<u>60,873</u>

Group Tour & AAA marketing:

AAA Ohio Promotion	5,000
Group Tour co-op advertising	5,000
Total Group Tour and AAA	<u>10,000</u>

Total direct marketing expenses

1,053,261

Sales, Marketing, Visitor Services & Admin

Salaries and payroll taxes	282,465
Operations	136,677
Employee benefits	36,447
Total Sales, Marketing, Visitor Services & Admin	<u>455,589</u>

Total expenses

1,508,850

Excess of revenues over expenses

-

(Concluded) - 2.

# Chamber Expense Reduction Plan

---

Due to significantly reduced revenues at the state level, the Chamber has instituted an Expense Reduction Plan to further streamline our operations.

- All chamber staff salaries were frozen in the third quarter of 2010. The freeze is expected to continue at least until the end of calendar year 2011.
- The chamber has reduced its staff by 2.5 FTE's with plans for the potential reduction of one additional FTE in the near-term.
- 18% of the CEO's salary previously derived from Town of Hilton Head Island ATAX dollars has been eliminated from the VCB budget. None of the CEO salary is sourced from Hilton Head Island tax funding.
- With the end of our lease term at our Bluffton office, we have closed that office and transitioned to another at no cost. We have streamlined our Bluffton operations and partnered with SBAC for shared office space. Thus continuing to service the needs of our Bluffton members for physical space, without any additional costs incurred.

With these steps & several other initiatives, we have been able to reduce VCB budget allocations for personnel and operations by \$128,000 in the fiscal year ahead. As an organization we are proud of our track record of meeting our budget each fiscal year. Although significantly less of our budget is utilized for administration, personnel, operating and overhead costs than other DMO's our size around the country, these actions will help us to continue to maintain our fiscal responsibility as we enter recovery mode from the recession.