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

Thursday, October 23, 2014
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. Regular Accommodations Tax Advisory Committee Meeting of September 4, 2014
4. **Chairman's Report**
5. **Unfinished Business**
   None
6. **New Business**
   a. Preliminary Review of 2015 ATAX Grant Applications
   b. Review and Approval of individual dates and times for Applicant Hearings
   c. Approval of 2015 Proposed Meeting Dates
   d. Presentation by The Hilton Head Island Visitors & Convention Bureau for consideration for Designated Marketing Organization (DMO) Status
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:	September 4, 2014	**Time:** 9:00 a.m.
Members Present:	Mike Alsko, *Chairman*; Rob Bender, *Vice-Chairman;* Trish Heichel, Stewart Brown, Bob Spear, Brad Marra, Charlie Miner	
Members Absent:	None	
Staff Present:	Brian Hulbert, *Staff Attorney*; Susan Simmons, *Finance Director*; Rene Phillips, *Website Administrator*; Erica Madhere, *Finance Assistant*	
Council Present:	Mayor Drew Laughlin, Councilwoman Kim Likins	
Others Present:	Members of Organizations interested in applying for 2015 Accommodations Tax Grants; Members of Organizations applying for 2015 Non-Recurring Accommodations Tax Grants; Members of the public.	
Media:	Dan Burley	

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. Swearing in New Member

a. Mayor Drew Laughlin swore in Charles Miner to the Accommodations Tax Advisory Committee, then took a moment to thank the entire Committee for volunteering their time and providing excellent service to the Community.

4. Approval of Minutes:

a. Accommodations Tax Advisory Committee Meeting of July 15, 2014

Mr. Brown moved to approve the Minutes of July 15, 2014. Ms. Heichel seconded the motion. The Motion passed unanimously. (7-0)

4. Chairman's Report:

As a new grant season is about to begin, Chairman Alsko briefly reviewed the historical philosophy of the Committee which is to look for grant applications that will support economic growth by either driving or enhancing tourism on the Island, leading to repeat guests and ultimately increased dividends year after year. Important factors the Committee considers include the sustainability and viability of the organization, and collaboration between organizations to maximize their exposure and use of grant funds.

Secondly, Chairman Alsko reported there is a new organization called the Hilton Head Island Visitors and Convention Bureau, Inc. that is interested in applying to become a Designated

Marketing Organization (DMO) for the Town of Hilton Head Island. State statute allows for the Municipality to select one or more organizations as the DMO to receive an allocation of 30% of the total State Accommodations Tax funds received (after distributions are made to the Municipality) to be used specifically for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity. Town Council has asked that the Accommodations Tax Advisory Committee hear a presentation from this new organization and make a recommendation regarding its request for DMO status. Chairman Alsko recommended adding this item to the upcoming Preliminary Review of Applications meeting on October 16th. The Members agreed with the suggestion, but also discovered several members have conflicts on this day. Mr. Brown made a motion to cancel the meeting on October 16th and reschedule a meeting on October 23rd at 9:00am to preliminarily review the 2015 ATAX Grant Applications and hear from the potential DMO candidate. Mr. Spear seconded the motion, and the Committee voted unanimously in favor (7-0). If the Hilton Head Island Visitor and Convention Bureau has material to be included in the agenda packet, it will need to be submitted to Erica Madhere by October 13, 2014.

5. Unfinished Business:

None

6. New Business:

a. Calendar Year 2015 Accommodations Tax Grant Applicant Workshop to discuss the Application process, changes, expectations, and to address Applicant questions and concerns.

First, the Committee discussed the changes to the application including adding word limits to the answers, the addition of questions that are typically asked during the applicant hearings, a specific location to state the total number of people served and the total number of tourists served, and a requirement for two years instead of three years of financial statements. The purpose of the modifications is to make the application more clear and concise so that the Applicant can easily understand and provide the information the Committee needs in order to fully evaluate the request. When completing the application, Applicants should keep in mind what they want the Committee to take away from the request by being crystal clear and succinct with the information they are submitting.

Rene Phillips, Website Administrator for the Town, then walked the Workshop attendees through the online process and explained each step in detail. She reiterated that word limits have been placed on the answers and once the limit has been reached the field will cut off so that the limits cannot be exceeded. She also mentioned organizations that have applied in the past received their usernames and passwords which allow them to pre-populate the 2015 application with the information submitted for the 2014 application including the budgets and financial statements so that only the current year statements need to be uploaded with the application. If an organization has a USCB survey, this can now be uploaded through the online application system. Once the final application has been submitted to the Town, the applicant will receive a confirmation email and will be able to print the application to PDF. Brian Hulbert, Staff Attorney, reminded the Workshop attendees that anything within the application package they submit to the Town has the potential to become public information.

Chairman Alsko ended this portion of the meeting by reviewing the State's Tourism Expenditure Review Committee's (TERC) recommended practice of reimbursing Tourism Advertising/Marketing expenses at 100%, and reimbursing all other types of expenditures at a percentage that is equal to the average percentage of tourists that attend the organization's event(s). The Town follows this policy since the spirit of ATAX is to fund tourism related expenses only, and to allow the local portion of the expenses to be funded in other ways. He reminded the Workshop attendees that the Town will work with the organizations in order to ensure all eligible expenditures have been identified and also that the organization's tourism percentage has been properly calculated.

The Committee broke for recess at 9:50 a.m. and reconvened at 10:00 a.m. to continue with the second portion of the meeting.

b. Review of Non-Recurring Accommodations Tax Grant Applications; Committee / Applicant Question and Answer Sessions; determine Non-Recurring Accommodations Tax Grant award recommendations for Town Council's consideration.

Applications were received from 16 organizations for funds from the remaining Non-Recurring money held over from the 2014 grant cycle. The total amount requested was $1,464,737 and the Non-Recurring Funds available for awards are $478,460. The Committee held Question and Answer sessions with each of the Applicants, then discussed and reviewed each Application in detail. A spreadsheet was displayed listing all applicants along with the amount each applicant requested. The Accommodations Tax Advisory Committee decided upon the following Recommendations:

Applicant	Non-Recurring Funds Application	Non-Recurring Amount ATAC Recommends	ATAC Recommendation Notes
Art League of Hilton Head	11,001	2,750	Prorated award based on Tourism %.
Arts Center of Coastal Carolina	260,850	124,432	Applicant to work with Town Staff to determine if other expenditures exist to meet Tourism % guidelines.
Hilton Head Choral Society	4,790	4,790	
Hilton Head Concours d'Elegance	85,000	85,000	
Hilton Head Audubon Society	30,000	0	
Hilton Head Land Trust	15,000	15,000	Facilities portion of award prorated based on Tourism %.
Hilton Head Wine and Food, Inc.	25,000	0	
Hilton Head Island-Bluffton Chamber of Commerce VCB	340,000	0	
Hilton Head Symphony Orchestra	82,800	0	
Hilton Head Symphony Orchestra / Hilton Head Choral Society Joint Application	30,200	12,000	Request guidance from TERC on classification of request / Prorated award based on joint Tourism %.
Hilton Head Island Visitors and Convention Bureau	250,000	0	
Lowcountry Golf Course Owners Association	42,510.26	42,510	
Shelter Cove Harbour Company	73,929	0	
The Coastal Discovery Museum	102,613	102,613	Prorated award based on Tourism %. Prorated amount calculated from total project cost.

Applicant	Non-Recurring Funds Application	Non-Recurring Amount ATAC Recommends	ATAC Recommendation Notes
The Heritage Library	8,421	7,242	Facilities portion of award prorated based on Tourism %.
The Sandbox	102,623	82,123	Facilities portion of award prorated based on Tourism %. $25,000 for future exhibit is not included in award recommendation.
Total	$1,464,737.26	$478,460	

Susan Simmons, Finance Director for the Town, reminded the Committee and Non-Recurring ATAX Grant Applicants that if there is a concern about any organization not being able to receive the full recommended grant amount when its Tourism Percentage is applied, then the organization should work with Town Support Staff before the October 7th Town Council meeting to look at its budget in order to ensure all qualifying expenditures have been identified.

Mr. Brown made a motion to approve the recommendations as assigned and displayed on the projected spreadsheet (and summarized in the table above). Ms. Heichel seconded the motion. All Committee members voted unanimously in favor (except for individual line items where individual members had recused themselves-details listed at end of minutes), to recommend to Town Council to adopt each of the recommended amounts listed. (7-0)

During the Q & A Sessions, review of applications, and recommendation of Non-Recurring ATAX Grants, the following Committee Members disclosed the following potential conflicts of interest and did not participate in the discussions related to these organizations. The required disclosure forms are attached.

- Art League: Ms. Trish Heichel and Mr. Charlie Miner recused themselves
- Hilton Head Concours d'Elegance: Mr. Stewart Brown recused himself
- Hilton Head Audubon Society: Mr. Charlie Miner recused himself
- Lowcountry Golf Course Owners Association: Mr. Brad Marra recused himself
- Shelter Cove Harbour Company: Mr. Brad Marra recused himself

7. Adjournment:

Mr. Brown moved to adjourn the meeting. Ms. Heichel seconded the Motion. All Members voted unanimously in favor and the meeting was adjourned at 3:08 p.m.

Approved: **Respectfully submitted:**

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Mike Alsko, Vice-Chairman **Erica Madhere, Secretary**

2015 Application Year Atax Grant Requests and Recommendations

October 6, 2014

Organization Name	Activity Name	2015 Requests	Committee Recommendation	Town Council Approved
Art League of Hilton Head	Visual Arts Enhance Tourism	85,000	0	0
Arts Center of Coastal Carolina	Tourism Operations Support for the Arts Center of Coastal Carolina	384,000	0	0
Beaufort County Black Chamber of Commerce	Cultural Tourism Marketing	55,000	0	0
Beaufort County Government	Air & Land Day 2015	5,000	0	0
Coastal Discovery Museum and Heritage Library	2015 History Day	16,000	0	0
David M. Carmines Memorial Foundation	Hilton Head Island Seafood Fest	10,000	0	0
Gullah Museum of Hilton Head Island	Gullah Museum Cultural Tourism Expo	50,000	0	0
Harbour Town Merchants Association	Harbour Town 4th of July Fireworks	18,000	0	0
Heritage Library and Coastal Discovery Museum	2015 Speakers Series	10,425	0	0
Hilton Head Audubon Society	ATAX Grant Proposal	50,000	0	0
Hilton Head Choral Society	Hilton Head Choral Society ATAC Initiatives	30,000	0	0
Hilton Head Concours d'Elegance, Inc	Hilton Head Concours d'Elegance & Motoring Festival	160,000	0	0

Organization Name	Activity Name	2015 Requests	Committee Recommendation	Town Council Approved
Hilton Head Dance Theatre	Hilton Head Dance Theatre Performance Season	16,000	0	0
Hilton Head Island Recreation Association	Wingfest	10,000	0	0
Hilton Head Island St. Patrick's Day Parade	Hilton Head Island St. Patrick's Day Parade	16,000	0	0
Hilton Head Island Wine and Food Inc	Hilton Head Island Wine and Food Festival	147,500	0	0
Hilton Head Island-Bluffton Chamber of Commerce	2015 Destination Marketing Application	400,000	0	0
Hilton Head Symphony Orchestra, Inc	HHSO general operating grant	215,000	0	0
Main Street Youth Theater	2015 MSYT Grant Application	25,000	0	0
Mitchelville Preservation Project	Accommodations Tax Grant Application	53,500	0	0
Native Island Business and Community Affairs Assoc, Inc	Hilton Head Island Gullah Celebration	150,000	0	0
SC Lowcountry & Resort Islands Tourism Commission	SC Lowcountry & Resort Islands Tourism Commission	45,000	0	0
Shelter Cove Harbour Company	4th of July at Shelter Cove Harbour	42,000	0	0
Skull Creek July 4th Celebration, Inc	Skull Creek July 4th Celebration	12,000	0	0
The Coastal Discovery Museum	ARKHAIOS Heritage and Archaeology Film Festival	8,470	0	0
The Coastal Discovery Museum	Cultural and Eco-Tourism Programs	223,000	0	0
The Heritage Library Foundation	Heritage Library 2015	20,000	0	0

Organization Name	Activity Name	2015 Requests	Committee Recommendation	Town Council Approved
The Hilton Head Visitors and Convention Bureau, Inc.	2015-2016 Supplemental Fund Grant	325,000	0	0
The Sandbox	Enhancing the Tourist Experience by Expanding Young Minds	56,300	0	0
Town of Hilton Head Island	Municipal Town Operations - Tourism Support	1,211,485	0	0
		3,849,680	**0.00**	**0.00**

ATAX SCHEDULE
INDIVIDUAL HEARINGS
COUNCIL CHAMBERS

	Thursday October 30, 2014			Thursday November 6, 2014
TIME	**APPLICANT**		**TIME**	**APPLICANT**
9:00-9:20	**Art League of Hilton Head Island**		**9:00-9:20**	**The Heritage Library Foundation**
9:20-9:40	**Beaufort County Black Chamber of Commerce**		**9:20-9:40**	**The Heritage Library & Coastal Discovery Museum** (Speaker Series)
9:40-10:00	**Beaufort County Government-Hilton Head Island Air Day**		**9:40-10:00**	**The Coastal Discovery Museum & The Heritage Library** (History Day)
10:00-10:20	**Gullah Museum of Hilton Head Island**		**10:00-10:20**	**The Coastal Discovery Museum** (ARKHAIOS Heritage & Archaeology Film Fest)
10:20-10:40	**BREAK**		**10:20-10:40**	**The Coastal Discovery Museum** (Cultural & Eco-Tourism Programs)
10:40-11:00	**Arts Center of Coastal Carolina**		**10:40-11:00**	**BREAK**
11:00-11:20	**Hilton Head Audubon Society**		**11:00-11:30**	**The Hilton Head Island Visitor and Convention Bureau**
11:20-11:40	**Hilton Head Dance Theater**		**11:30-11:50**	**Mitchelville Preservation Project**
11:40-12:10	**Hilton Head Island-Bluffton Chamber of Commerce**		**11:50-12:10**	**Native Island Business & Community Association**
12:10-1:30	**LUNCH**		**12:10-1:30**	**LUNCH**
1:30-1:50	**HH Symphony Orchestra**		**1:30-1:50**	**Hilton Head Wine and Food, Inc.**
1:50-2:10	**Hilton Head Choral Society**		**1:50-2:10**	**HH Concours d'Elegance**
2:10-2:30	**Hilton Head Recreation Association**		**2:10-2:40**	**Town of Hilton Head Island**
2:30-2:50	**Main Street Youth Theater**		**2:40-3:00**	**BREAK**
2:50-3:10	**BREAK**		**3:00-3:20**	**David M. Carmines Memorial Foundation**
3:10-3:30	**The Sandbox**		**3:20-3:30**	**Skull Creek 4th of July Celebration**
3:30-3:50	**SC Lowcountry & Resort Islands Tourism Commission**		**3:30-3:40**	**Harbour Town Merchants Assoc. 4th of July Celebration**
3:50-4:10	**HH St. Patrick's Day Parade**		**3:40-4:00**	**Shelter Cove Harbour Comp 4th of July & Harbourfest Fireworks**

Red text denotes special request for a specific day

ACCOMMODATIONS TAX ADVISORY COMMITTEE

2015 SCHEDULE

Wednesday	March 25	9:00 a.m. – DMO Budget & Marketing Plan Presentation	Council Chambers
Tuesday	July 14	9:00 a.m. – Swearing in of members, Election of officers	Council Chambers
Monday	August 17	8:00 a.m. – Grant Application available for electronic filing	www.hiltonheadislandsc.gov
Thursday	August 27	9:00 a.m. – ATAX Applicant Workshop	Council Chambers
Friday	September 18	4:00 p.m. – Application Deadline	www.hiltonheadislandsc.gov
Thursday	October 8	9:00 a.m. – Preliminary Review of Applications	Council Chambers
Thursday	October 22	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	October 29	9:00 a.m. – 4:30 p.m. Applicant Hearings	Council Chambers
Thursday	November 5	9:00 a.m. – Review and Recommendations	Council Chambers

Notes: A Special Town Council meeting to award the Accommodations Tax Grants will be held on **Tuesday, December 8, 2015** at **4:00 pm** in Council Chambers.

Presentation to Hilton Head Island Accommodations Tax Advisory Committee

Consideration for The Hilton Head Visitors and Convention Bureau to Become a Designated Marketing Organization for The Town of Hilton Head Island, SC

October 23, 2014

Submitted By:

Peter M. Buonaiuto
Executive Director – Hilton Head Visitors and Convention Bureau

peter@hiltonheadvcb.com

(843) 301-7003

During the ATAX Advisory Committee (ATAC) meeting held September 4, 2014, Chairman Mike Alsko announced the directive from the Hilton Head Island Town Council's September 2, 2014 meeting whereby the council passed a motion directing ATAC to review The Hilton Head Visitors and Convention Bureau (HHVCB) as a potential candidate for becoming a designated marketing organization (DMO) for the Town of Hilton Head Island.

During the September 4th meeting, Mr. Alsko instructed the representative for the HHVCB in attendance at the meeting, Peter M. Buonaiuto, Sr., that the meeting to review the HHVCB as a DMO would take place October 23, 2014 at 9:00. Mr. Alsko went on to tell Mr. Buonaiuto that the Committee would expect information from the HHVCB to answer/demonstrate the following:

1.) Be prepared to present compelling case of why HHI needs a second DMO?
    a. Examples of other communities that have more than 1 DMO.
    b. How a 2-DMO model could be viable/how it would be carried out.
    c. How could this model benefit the community (Hilton Head Island, SC)
2.) Evidence of HHI organizations that have become paid members of HHVCB.
3.) Other evidence of support from broader community for HHVCB as a second DMO.

Overview and Historical Background

Officers of the HHVCB and others in the community have conducted in-depth research and analysis over the past 3 years regarding the state of HHI tourism spanning more than 16 years to the present day. The findings of this examination provide irrefutable evidence that the number of visitors to HHI peaked in 1998 and annual visitation numbers for each of the past 15 years (1999 – 2013) have been below 1998 visitor numbers. Findings from this examination also provide irrefutable evidence that average daily rates (ADRs) for hotels/motels during the period from 1998 through 2013 have lagged the growth achieved by similarly situated hotels/motels in other comparable South Carolina destination markets. In fact the HHI ADR results from 1998 through 2013 are lagging behind the rate of inflation for the entire period. Additional findings of the examination provide interesting insight into the issue of over-spending for payroll expenses which are significantly higher than 3 other benchmark destination markets in or near South Carolina.

A recent investigation by the HHVCB regarding the state of tourism in the meetings/conferences sector strongly suggests that HHI has been underperforming in this area of our tourism economy as well. This segment of tourism specifically affects the shoulder and off-season periods of HHI tourism. (See more on this topic in the Benefits for the Hilton Head Island Community section)

In summary, the analysis of the 16 year period of 1998 through 2013 is the basis of why the HHVCB was founded. The overwhelming evidence uncovered supports the need for a different tourism marketing organization than the incumbent DMO which has operated unchallenged for several decades. Furthermore the current DMO defies calls from the community to operate in a more transparent fashion.

The HHVCB is initially seeking to be one of two DMO organizations serving the Town of Hilton Head and proving its capabilities through a focused strategy on meetings and conference opportunities especially during shoulder and off-season times of the year. However, the HHVCB intends to subsequently earn its position as the sole DMO to the Town of Hilton Head Island by increasing tourism for all seasonal parts of the year. The longer term objective of the HHVCB is to restore the Hilton Head Island brand to a “top of mind” position among leisure and business travelers alike and to better leverage technology. Additionally we will endeavor to better promote the virtues of the many other organizations in our community with which we are deeply blessed (arts, culture, military travel opportunities, culinary, activities and other attractions, etc.) The HHVCB will replace “old school” methods with “new school” methods, replace extravagant spending with sensible spending, replace opaqueness with transparency and replace mediocrity with unmitigated success.

Examples of Other Destinations that Have Multiple Marketing Organizations

A Tale of Two Cities, New Orleans and Philadelphia

New Orleans

The New Orleans Convention and Visitors Bureau (NOCVB) operated as the sole tourism marketing entity for over three decades. For the past 25 years, including the present day, New Orleans has operated with two (2) tourism marketing organizations. In 1990 the New Orleans Tourism Marketing Corp. (NOTMC) was created to market the city during the summer and Christmas holiday season when convention traffic declines. In 2004 the mission of the NOTMC expanded to include initiatives to increase tourism and hotel occupancy whenever the tourism market slows. Since hurricane Katrina in 2005, the NOTMC market New Orleans as a travel destination throughout the year.

The NOTMC is a 5 person, public organization and the NOCVB is a 72 person private organization that boasts over 1,100 members. The private structure of the NOCBV has been very contentious over the years especially in recent history whereby local leaders have been calling for transparency from the NOCVB reasoning that it should comply because of the fact that it receives significant public funding. However the NOCVB and its lawyers have resisted transparency arguing that because it is a private membership organization it is not legally required to submit to public document requests.

The 2 marketing organization model had been working quite well from 1990 until Katrina in 2005 and then the start of the global recession which began in 2007. Prior to Katrina the city saw annual visitors above 10 million. There are no statistics available for 2005 however only 3.8 million visitors were seen in 2006. Additionally the city cites increased competition among a number of cities for coveted large conventions. As a result of all of these dynamics city officials began to investigate combining the two organizations to save an expected $2 million annually.

As a result of the fact that a merger would be operated under the structure of a private surviving entity (NOCVB) the move to merge the two organizations in 2010 was voted down by an 11-3 vote to terminate plans of the combination. The two primary factors for this decision were the unanswered question of whether the new entity would operate under a public (transparent) structure or a private non-transparent (membership organization) structure, and disputes over who would make up the board of directors of the new organization.

As of this writing both the NOCVB and the NOTMC are separate entities that share responsibilities for promoting New Orleans as a tourism destination. See the following two page press release from the Mayor of New Orleans published on April 22, 2014 describing the growth of the New Orleans tourism economy in 2013. There is no further public discussion of merging these two entities, however discussion and even a lawsuit (by a private citizen) continues to attempt to compel the private NOCVB to comply with public document disclosure requests due to the fact that it receives public funds.

The NOCVB with a purported 72 employees receives about the same amount of hotel tax funding as the 5 employee NOTMC (roughly $8 million per year for each organization). The NOCVB in a 2011 report (then facing a $2.3 million shortfall) claimed that of its $10.3 million dollar budget for 2012, $6.7 million would be required for employee related expenses and another $1.3 million for operational costs. It only had earmarked $1.3 million for sales, marketing and travel. It appears there is still some work to be done in New Orleans to get spending under control. Unfortunately it appears as though the solution they selected was to derive even more funding through an additional accommodations daily fee to fix the NOCVB's deficit problem rather than make the NOCVB more efficient and transparent.

In 2013 with tourism back up over the 9 million visitor mark (best performance in 10 years) and with the additional funding from the daily fee surcharge both the NOCVB and the NOTMC are continuing to move forward as they have for the past 25 years without any significant appeal from the community to combine the two organizations. In fact, New Orleans is forecasting a growth to over 13 million annual visitors by 2018 through the efforts of both organizations.

THE CITY OF NEW ORLEANS

MAYOR MITCHELL J. LANDRIEU

New Orleans Achieves 9.28 Million Visitors in 2013

APRIL 22, 2014

NEW ORLEANS,LA - New Orleans' tourism industry welcomed 9.28 million visitors in 2013, an increase of three percent, or about 272,000 people, from 2012 (9.01 million). The 9.28 million visitors spent $6.47 billion, a 4.5 percent increase over 2012 and the highest spending in the city's history, according to a study released today.

The 2013 New Orleans Area Visitor Profile study, completed by the University of New Orleans (UNO) Hospitality Research Center for the New Orleans Convention and Visitors Bureau (CVB) and New Orleans Tourism Marketing Corporation (NOTMC) represents a milestone.

In 2003 New Orleans welcomed 8.5 million visitors, who spent $4.5 billion. The year 2004 was a record-breaking year, with 10.1 million visitors and visitor spending totaling $4.9 billion. After Hurricane Katrina, visitor numbers dropped to 3.7 million in 2006, with $2.8 billion in visitor spending. Due to the efforts of the New Orleans CVB and the NOTMC, visitor numbers increased to 7.1 million in 2007 with $4.8 billion in spending. Numbers increased in 2008 and 2009, ultimately reaching 8.75 million visitors and $5.49 billion in spending in 2011.

Seventy-five percent of the respondents who offered open-ended comments in 2013 provided positive feedback about the city; 46.8 percent of them plan to return or recommend New Orleans to others.

Mayor Mitch Landrieu said, "The people, culture, food and entertainment in New Orleans are arguably the best in the world. We take pride in offering our visitors an authentic experience and are adding new options every year, so it's no surprise that the city is continuing to see record breaking visitor numbers. New Orleans is on a roll and we're thrilled that visitors across the globe are taking notice."

All key indicators increased in 2013, compared to 2012:

- Lodging spending increased by eight percent
- Restaurant spending increased by 3.2 percent
- Spending in bars and nightclubs rose by six percent
- 77.2 percent of visitors surveyed were in New Orleans for vacation/pleasure
- 13 percent of visitors surveyed were in New Orleans for association, convention, tradeshow or corporate meetings
- 9.8 percent of visitors surveyed were in town for general business
- 55.4 percent of business travelers extended their stay for pleasure for an average of two nights
- Cruise visitors comprised about 2.1 percent of the total number of visitor responses, and they stayed an average of two nights in New Orleans before or after their cruise

The 2013 New Orleans Area Visitor Profile report also found:

- The proportion of visitors with income of $150,000 or more was 17.2 percent; 20.6 percent have a household income of more than $100,000

- 42.5 percent of New Orleans visitors were in town for the first time; 57.5 percent were repeat visitors
- Overnight visitation from top feeder markets outside of Louisiana were: Texas, Florida, California and Mississippi
- Visitors age 50-64 made up the largest demographic for 2013 visitors (35.6 percent), followed by 35-49 (28.1 percent), 25-34 (17.8 percent), 65 and older (12.7 percent) and 18-24 (5.9 percent)
- Overnight visitor stays in New Orleans was an average of 4.2 nights
- The proportion of overnight visitors staying in a hotel decreased slightly to 59.5 percent
- Average party size was three people
- The majority of visitors who stayed in a hotel made reservations through the hotel website (27.2 percent), or a travel website (21.3 percent), and 12.6 percent of visitors called their hotel directly.
- The majority of New Orleans area visitors surveyed arrived in their personal vehicle (49.3 percent) or by airplane (45.6 percent)

"The traveler economy at its core is about driving economic growth and enriching the lives of people. The more than nine million visitors in 2013 pumped a record of $6.47 billion in spending directly into our city," said Stephen Perry, President and CEO of the New Orleans CVB. "That money contributes greatly to state and local economies and supports jobs for more than 78,000 New Orleanians from every neighborhood."

"We love our city. We love our way of life. And so do millions of visitors. The 2013 report shows that visitors are exploring more and more of our city and experiencing our unique culture and neighborhoods from the Bywater to MidCity to the Riverbend," said Mark Romig, President and CEO of NOTMC. "We are working together with city administration and business leaders to continue this growth in visitation and bringing tourism jobs and activities to areas of the city that could use our industry's economic support."

"The past five years have demonstrated incredibly strong growth in the number of visitors and their spending, with repeat visitation of 57.5 percent as evidence that New Orleans has a great formula for visitor satisfaction. This type of sustained economic growth over so many segments of the hospitality and tourism industry facilitates a heightened level of economic development in numerous other sectors of the economy for the Greater New Orleans area," said John Williams, PhD, Dean of College of Business Administration at UNO.

The University of New Orleans Hospitality Research Center is a collaborative effort of the University of New Orleans' Division of Business and Economic Research (DBER) and the Lester E. Kabacoff School of Hotel, Restaurant and Tourism Administration (HRT). Its function is to provide a variety of research services to hospitality, travel and tourism organizations. The HRC has been producing reports similar to this visitor study since 1997.

The New Orleans Tourism Marketing Corporation is the City of New Orleans' official leisure travel promotion agency created to foster jobs and economic growth by developing the tourism industry in New Orleans. NOTMC is publicly funded and provides year-round online marketing, advertising, public relations and special event programming in order to support the growth of leisure travel to New Orleans.

The New Orleans Convention & Visitors Bureau is a nationally accredited, 1,100-member destination marketing organization and the largest and most successful private economic development corporation in Louisiana. The CVB and its members influence thousands of decision-makers and millions of visitors to choose New Orleans through direct sales, marketing, public relations, branding and visitor services at our New Orleans headquarters and offices in Washington, D.C., Chicago and four foreign countries. Consistently recognized as one of the top five CVBs in the country, the New Orleans CVB celebrates its 54th anniversary in 2014. For more information, please visit www.neworleanscvb.com [http://www.neworleanscvb.com/]; www.facebook.com/neworleans [http://www.facebook.com/neworleanscvb]; www.twitter.com/neworleans [http://www.twitter.com/neworleans].

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Philadelphia -

In 1996 the Greater Philadelphia Tourism Marketing Corp. (now known as Visit Philadelphia) was created by then-Mayor Ed Rendell to promote leisure tourism. Visit Philadelphia is a nonprofit organization with its own governing board. The Philadelphia Convention and Visitors Bureau (PHLCVB) has been in existence for decades and is charged primarily with bringing conventions to the city. Both organizations are funded by Philadelphia's 8.5% tax on hotel room rates. Visit Philadelphia has an annual budget of about $11 million and the PHLCVB has approximately a $17 million annual budget.

As a result of the US economic downturn over the past few years and observing a downturn in business travel and conventions, the City of Philadelphia assessed the performance of both organizations to determine if would be prudent to continue with funding both organizations. The City of Philadelphia's controller completed an analysis of the two organizations and filed a report on the matter. The controller's report revealed that Visit Philadelphia was much more successful in bringing leisure tourists to the city than the PHLCVB was in attracting business visitors. The report found that the PHLCVB actually booked 100 thousand fewer rooms in 2013 than it booked in 1997. During the same period Visit Philadelphia increased overnight leisure travelers to the city by 84%.

The report demonstrated however that a business traveler generated $74 for each tax dollar spent compared to $69 generated from each leisure traveler for each tax dollar spent. While both organizations have contributed much to the city's tourism economy during the 18 years of their coexistence, the controller did point out that in recent years, competition between the organizations occasionally turned more overt and caused counterproductive tension. The tension was most evident in March of 2014 when the PHLCVB launched a marketing campaign with its own slogan for the region – "Philadelphia, here for the making". There had apparently been little coordination with Visit Philadelphia which has for a long while had its own marketing slogan – "With Love, Philadelphia."

The report faulted a lack of mayoral leadership, past and present, for not ensuring the two organizations worked in tandem. It further noted that Mayor Nutter's Hospitality Advisory Board, which was designed to coordinate tourism efforts, met only 6 times during a 7 year period. Mayor Nutter responded that he found it more effective working directly with each organization as opposed to working through the Hospitality Advisory Board. While Mayor Nutter would personally be in favor of a consolidation of the two entities he stated each organization had its own governing body and it would be up to the boards of both entities to "take the next step." The controller who authored the report is considering a run for mayor next year and his recommendation is for a planned, strategic and gradual consolidation of the two organizations to better leverage scarce resources. For the time, being both organizations will continue to coexist.

Tale of Two Cities Summary -

The cities of New Orleans and Philadelphia have each operated with 2 DMOs in the market for 25 years and 18 years respectively and with considerable success. More than one DMO in a market has been shown as a viable model. With further research into these cities, and most other destination cities for that matter, the real problem to be examined is a chronic lack of oversight, accountability, coordination and transparency in the world of publicly funded destination tourism marketing entities.

Look at the New Orleans CVB with an annual budget of $10.3 million that spends nearly $8 million on payroll for its 72 employees plus other administrative and operating expenses. On top of that the NOCVB has fought very hard to deny requests for disclosure as they have hidden behind their flimsy argument that they are not required to disclose as a private membership organization; they can't have it both ways, and they should they be allowed to. If an entity is seeking public funds then that entity must submit to total transparency regarding how those funds are used. An active lawsuit of Winch vs. Perry in the Louisiana courts may require exactly that outcome:

All was great in the City of Brotherly Love with 2 DMOs until the bottom fell out of the business travel market as fewer conventions were being booked. With increasing pressure on both organizations to perform, yet no oversight committee to intervene and help coordinate the efforts of the two organizations, over time things got contentious between the two organizations. There was a plan to avert such a prickly environment. An oversight committee was established years previously to ensure that a consistent and coordinated effort existed between Visit Philadelphia and the PHLCVB. Regrettably, there was a lack of commitment by the mayor and other city officials to ensure the plan was carried out. Also in the case of Philadelphia, lacking transparency and accountability surrounding the NOCVB allowed corruption to manifest. (See the following article).

When a large sum of public money is involved in an atmosphere of little to no transparency or accountability, bad things are likely to occur including, but not limited to, wasteful spending, underperformance, self-dealing and even criminal behavior. Again, multiple DMOs in a given market have been proven to be a successful model. With the right coordination, oversight and transparency this model could have worked even better. The recurring theme we see regarding transparency, or lack thereof, is that organizations wish to be "public" when the money is being doled out but "private" when it comes time to disclosing the use of that public money. Non-transparent organizations cannot, and should not be trusted blindly to do the right thing. Transparency and accountability must be a prerequisite to receiving public funds.

POLICY/SOCIAL CONTEXT

Transparency and Accountability at Issue in These Philly Hybrids

September 15, 2014;Philadelphia Inquirer

The complexity of hybrid organizations shows up in multiple ways, typically around transparency and accountability. In Philadelphia, Visit Philadelphia and the Philadelphia Convention and Visitors Bureau (PHLCVB), two tourism marketing and development organizations, are largely funded by Philadelphia's hotel tax. Visit Philadelphia, officially the Greater Philadelphia Tourism Marketing Corporation, gets approximately $8 million of its $11 million budget from the hotel tax.

Visit Philadelphia has encountered some share of problems, notably the embezzlement of $210,000 over five years by its chief financial officer. In bad form, Visit Philadelphia chose not to notify law enforcement authorities, but allowed the CFO (who has now taken a job with another nonprofit, the Benefits Data Trust, which is largely funded by government grants) to simply quit with the promise of restitution. Although we have no information about whether restitution was paid and notwithstanding the failure of Visit Philadelphia to notify authorities, the local district attorney has launched an investigation of the embezzlement on his own.

With the news of the misappropriated funds and the fact of extensive government funding behind the two tourism agencies, the Metropolitan Regional Council of Carpenters—that is, the Carpenter's Union—has written a letter complaining that there is "virtually no oversight" of the spending of the two organizations and that the tourism agencies have denied the union access to some financial information because "neither organization as covered by Pennsylvania's Open Record law because they are private nonprofit organizations." It's not hard to figure out that the Carpenter's Union has a major beef with the agencies, particularly the Philadelphia Convention and Visitors Bureau, where they are picketing construction because of the failure of the union and the Bureau to come to terms around a new contract. The Carpenters' Union has requested a full audit of both agencies.

While this might look like either a problem of a rogue CFO who pocketed $210,000 or a longstanding conflict between the convention center and organized labor, there are significant nonprofit accountability issues involved, including these:

- Why would Visit Philadelphia not have taken steps to bring its former CFO to justice through legal prosecution—and by failing to do so, inflict her on another taxpayer-supported nonprofit, where she is also CFO again?
- Given that the former CFO was a direct report to the CEO of Visit Philadelphia, to what extent did that play into the decision of the agency to forego turning her over to the authorities?
- Given that the two agencies play public roles—and even were the subject of a city controller's report released last week that called for the two to be merged due to functional overlaps—why shouldn't these "public" or "governmental" nonprofits be subject to transparency and disclosure standards more like the governmental authorities that use them and fund them for tourism promotion activities?
- Even as a nonprofit eligible for nonprofit-consistent confidentiality rules, after a $210,000 embezzlement by the organization's CFO, shouldn't some of the information requested by the Carpenter's Union and by the *Inquirer* be made available for the purpose of enhancing accountability and dealing with the embezzlement problem? The *Inquirer* was denied access to Visit Philadelphia's board minutes from January 2012 on, which includes the period when the CFO was permitted to simply leave, the list of agency employees and their salaries, and the contract between Visit Philadelphia's CEO, who in its Form 990 filing for fiscal year 2012 was paid over $400,000, and related organizations.
- Does the fact that both of these tourism-related organizations receive (and basically split) the entire proceeds of the city's hotel room tax put them in a different class of nonprofit because, in essence, they function as arms of the municipal government?

Issues of transparency and accountability aren't easy for any nonprofit, but they are doubly harder to sort out when the nonprofits involved are basically controlled and funded by government.—Rick Cohen

How A Multiple-DMO (Co-DMO) Model Could be Successfully Implemented on Hilton Head Island -

To be clear, the position of the Hilton Head Visitors and Convention Bureau (HHVCB) is that the current DMO, namely the Hilton Head Island-Bluffton Chamber of Commerce (HHIBCOC), has failed since 1998 to accomplish its mandate to grow tourism. During this 16 year historical time period the HHIBCOC has received an estimated $60 million or more worth of local, county and state ATAX funds for the purpose of increasing tourism to Hilton Head Island. The HHVCB is not recommending that there be two DMOs for the Town of Hilton Head on a permanent basis, but rather that the HHVCB should replace the HHIBCOC as the sole DMO for the Town of Hilton Head Island. Understanding that local government officials are reluctant to make such an abrupt change and are instead in favor of a more gradual changing of the guard, the HHVCB is more than pleased to prove itself during its first couple of years of its operations with the expectation that it will handily achieve its goals and thus earn its position as sole DMO for subsequent years. Therefore the dual DMO model is viewed as only temporary.

During the period when 2 DMOs will co-exist the HHVCB believes it is crucial that both organizations maintain a specialization of market segments and seasons. The HHVCB shall in its first year of operation (2015-2016) focus on the meetings and conference tourism sector (as well as other group travel such as weddings, military travel, reunions, etc.) for shoulder and off-season periods of the year. The HHIBCOC should focus exclusively on leisure tourism for the peak tourism season of June through August and for the RBC Heritage Golf Classic in April.

It is strongly recommended that Hilton Head Town Council require each organization to submit their marketing plans and forecasted results for annual visitor growth that will be directly attributable to their respective efforts and expenditures.

Town Council should also select a 7 member review panel that will be responsible for meeting with the Co-DMOs jointly once per month to review their plans, measure actual results versus forecasts and to moderate sufficient coordination between the Co-DMOs to ensure that there is no action by either DMO that confuses the public regarding the Hilton Head Island brand or is potentially injurious to the brand. This 7 member panel should consist of 1 member from the restaurant/hospitality industry, 1 member from the hotel industry, 1 member from the short-term rental industry, 1 member from the golf/tennis/attractions community, 1 member from the real estate sales industry, 1 member from the arts/cultural community and 1 member from either the ATAX Advisory Committee or from Town Council.

This structure will provide for an environment that fosters healthy competition while protecting the brand and while eliciting invaluable input/feedback from each of the Co-DMOs’ primary stakeholders in the community.

Benefits for the Hilton Head Island Community -

Competition, accountability for performance and transparency requirements for recipients of public funds will likely bring transformational effects on the Hilton Head Island tourism economy in a very favorable way. Competition is the catalyst for performance and innovation. The detrimental effects of not having accountability are obvious. The HHIBCOC has not been held accountable for how it spends the public funds it receives nor has it been held to account for its actual performance compared to its annual forecasts or funded initiatives. There has been no benchmarking to assess how our local performance tracks to other similarly situated destinations or to national tourism trends. There has been no requirement, and apparently no feeling of obligation by the HHBCOC, to publish an annual abstract of the annual results of our local tourism economy as many other destinations prepare for their destinations (see 24th annual edition of Myrtle Beach Abstract below). It is finally time for Hilton Head Island to "step up its game" to restore and fortify the life-blood of our island community. While it is difficult to prove beyond a shadow of a doubt that the recommendations contained herein will in fact bring vast improvements to our tourism results, I believe all would agree that it sure couldn't hurt. So why not give it a try. Doing nothing, or doing the same things we have been doing will likely result in similar results as we have seen during the past 16 years.

Where do we begin? The HHVCB believes the meetings/conference segment of the tourism market holds the largest and most immediate opportunity for improvement of our local tourism economy. Through its analysis of past performance of the HHIBCOC in the meetings/conferences segment of the tourism industry, The HHVCB found Hilton Head Island to be anemic in attracting meetings and conference tourism. The meetings/conference segment of the US tourism market, according to PriceWaterhouseCooper (PWC), is responsible for an estimated $280 billion in annual spending in the US economy with 46% ($130 billion) of that sum being spent on lodging, food services and transportation. The meetings/conference tourism sector therefore represents 15% of the entire US travel and tourism market.

While larger cities such as Orlando, San Francisco, Las Vegas, etc. see 12% - 15% of their total annual visitor count represented from the meetings and conferences sector, it would be unreasonable to expect that for Hilton Head Island, especially when Hilton Head Island has no significant infrastructure to accommodate larger conventions and exhibitions. It would however be reasonable to expect that Hilton Head Island could see from .3% to as much as 3% of its total visitor count come from delegates attending meetings and conferences. A .3% (three tenths of one percent) success rate would likely result in an thirty four fold improvement over our current count of annual meeting delegates and meeting-related sold room nights, which according to HHIBCOC data, averaged about 223 delegates and 670 sold room nights per year for the period of 2009 through 2012 resulting from HHIBCOC's efforts and initiatives.

Using the 223 delegate annual average (2009 -2012) and assuming an average 3 nights stay per delegate and the average spend per day of $309.11 (HHIBCOC figure) then the annual revenue generated for our local economy per year has been approximately $212,786. The HHVCB believes it can effect as much as a thirty four-fold increase during the next 5 years attracting over 7,700 delegates per year (23,256 room nights) equating to over $7.2 million in annual revenue for the local economy. The HHVCB expects it can, in its first year of operation, deliver a nine-fold increase over the 2009 -20012 annual averages in delegates and room nights. Additionally, the HHVCB as a DMO could bring about additional gains in the "groups" sector of the tourism industry for weddings, reunions and other group travel categories. This would be accomplished through better focus of marketing initiatives and through the leveraging of its marketing/bookings technology platform. The HHVCB will provide a detailed plan of how it will accomplish these objectives once it receives DMO approval.

Additional findings of the in-depth study PWC conducted in 2009 (updated in 2012) of the meetings segment of the tourism industry titled *The Economic Significance of Meetings to the US Economy* reveal that over 1.8 million meetings take place annually in the US attracting nearly 225 million attendees. The definition of a meeting for the purpose of this study is a gathering of 10 or more participants who travel more than 50 miles from their primary residence to attend the meeting and stay at least one night in a paid accommodation. Meetings include conventions, conferences, congresses, trade shows, exhibitions, incentive events, corporate/business meetings. Meetings exclude social activities such as wedding receptions, holiday parties, permanently established formal educational activities, concerts, entertainment shows, political campaign rallies or consumers shows (gathering of consumers or would-be consumers by a company for the purpose of presenting specific goods or services for sale).

The HHVCB seeks to cultivate the vast meetings and conferences industry segment which offers tremendous upside opportunity for improving Hilton Head Island's shoulder and off-season tourism periods of the year. According to the travel research company PhoCusWright, 80% of all meetings and conferences are attended by fewer than 100 delegates. The HHIVCB will focus its efforts on this 80% portion of the market with special emphasis on those meetings with 25 – 100 attendees/delegates and laser focus on potential meetings/conferences with 25 – 50 attendees.

Meetings/Conferences Categories – U.S. -

Table 1
Number of Meetings and Participants by Meeting Type

Meeting Type	Meetings	Participants	% Participants
Corporate/Business Meetings	1,298,300	113,337,000	50%
Conventions/Conferences/Congresses	273,700	60,960,000	27%
Trade Shows	10,900	26,768,000	12%
Incentive Meetings	67,700	9,172,000	4%
Other Meetings	182,600	14,710,000	7%
Total	**1,833,200**	**224,947,000**	**100%**

US Market for Meetings/Conferences - Direct Spending

Direct spending is defined as spending within the U.S. economy from purchases of goods and services attributable to the activity and provided the building blocks for estimating the total economic significance of meetings. Total direct spending associated with U.S. meetings activity in 2012 is estimated at over $280 billion. Approximately $130 billion or 46 percent of the direct spending in the meetings industry is on travel and tourism commodities such as lodging, food service, and transportation. The majority of direct spending, however, is not travel-related with $150 billion or 54 percent involving meeting planning and production costs. Venue rental and other non-travel & tourism commodities that fall outside the Travel & Tourism Satellite Account.

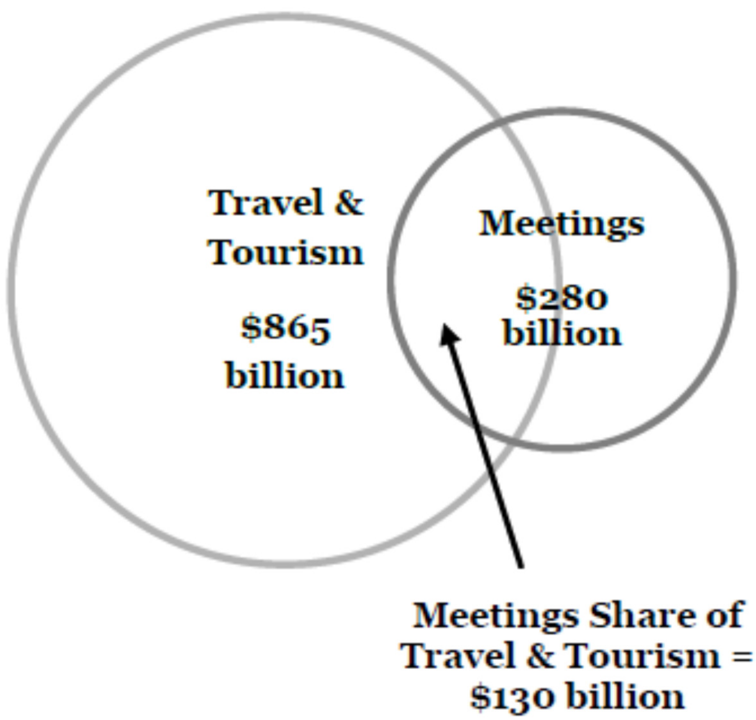
Table 3
Direct Spending by Commodity

Commodities	Direct Spending (in millions)	Percent
Travel & Tourism Commodities		
Accommodation	$39,315	14%
Food and Beverage	29,832	11%
Air Transportation	23,761	8%
Retail	8,235	3%
Gasoline	7,498	3%
Recreation and Entertainment	7,034	3%
Car Rental	6,258	2%
Travel Services and Other Tourism Commodities	3,707	1%
Other Transportation	2,369	1%
Urban Transit	1,577	1%
Rail & Water Transportation	600	<1%
Subtotal	$130,186	46%
Meetings & Other Commodities		
Meeting Planning & Production	$106,658	38%
Venue Rental	10,363	4%
Other Meetings-related Commodities	33,195	12%
Subtotal	$150,216	54%
Total Direct Spending	**$280,402**	**100%**

Note: Commodities include both goods and services

The meetings sector can be described as being comprised of two portions: one portion overlapping (or an extension of) the travel and tourism sector and the remaining portion belonging to other sectors. Approximately 15% or $130 billion of the estimated $865 billion of direct tourism output in the U.S. was the result of the meetings industry in 2012.

The meetings sector is comprised of two portions: one portion overlapping (or an extension of) the travel and tourism sector and the remaining portion belonging to the other sectors.



The Hilton Head Visitors and Convention Bureau Paid Membership Drive -

For its first year of operations the HHVCB has established the following membership rates:

Lodging, hospitality, real estate, attractions - $250.00 annual membership

All other businesses and non-profit organizations - $100.00 annual membership

Individual/personal - $ 25.00 annual membership

To date there has been no public advertising to attract members to the HHVCB, however ads are planned during the week of October 13, 2014. To date approximately 30 local businesses/non-profit organizations have been directly contacted by the HHVCB's executive director and asked to join the HHVCB.

There have been some significant challenges in obtaining paid memberships which most notably include the following:

1.) Prospective members fear retribution from current DMO and/or others aligned with the current DMO whereby such retribution could be harmful to their businesses and/or other business/industry relationships. Even those that have made payment for HHVCB membership have requested that their membership not be publicly disclosed until such time that the HHVCB is granted ATAX funding.

2.) The HHVBC has not received any funding from the Town of Hilton Head Island to date, nor is there any guarantee that the HHVCB will obtain such funding. Without such ATAX funding there is great uncertainty that the HHVCB will ultimately be financially able to commence its operations. Those contemplating membership fear until the HHVCB receives DMO status and receives ATAX funding, their membership payment "investment" has a high level of risk and is unlikely to provide any returns on their investment.

The HHVCB will report on its membership results during the October 23, 2014 ATAC meeting.

Other Evidence of Broad Community Support for HHVCB as A Second DMO -

Lodging

The HHVCB has gained significant traction within the lodging sector, especially among limited services properties and vacation rental management companies. The HHVCB has a number of executed Letters of Intent (LOI) from organizations in this space whereby the HHVCB will deliver room bookings, meeting venue bookings and other services in exchange for a 10% commission on the value of the booking revenue. The relationship will be similar to the relationship these properties currently have with online travel agencies (OTAs). Also the current DMO has historically charged local lodging properties a 5% -10% fee for referrals and bookings respectively.

These lodging/meetings related entities have received the HHVCB with open arms as they are desirous of additional business especially during shoulder and off-season periods of the year. They have validated our claims that meetings business is weak and has grown weaker and weaker over the past years. The limited services properties are more than capable of serving meeting sizes of 25 – 50 attendees and some can serve up to 100 and more attendees easily. The general managers of these limited services properties complain as a group that they receive very little business from the existing DMO and they perceive that the current DMO favors the larger full-service hotels for recommending/booking meetings and groups.

There are many opportunities for vacation rental management companies to offer accommodations for corporate housing for meetings/conference opportunities, continuing medical education meetings, association meetings, incentive travel and other meetings and groups.

The HHVCB will report on its room bookings LOIs during the October 23, 2014 ATAC meeting.

Arts, Culture and History

The arts, cultural and historical entities in the community are many. They are underserved from a funding, venue and local government support perspective. These mostly non-profit structured organizations have been impacted by the stagnant and declining tourism performance of the past 15 years as well as from the protracted downturn of the economy in general. Ticket sales, individual and corporate monetary contributions are affected by both of these occurrences. Additionally, these entities receive very little funding support from ATAC which is one of the only funding opportunities presently available.

This community is organizing, becoming more strategic in their planning and becoming extremely vocal about their displeasure with the status quo. Hilton Head Island needs more and better venues for the performing and visual arts. Those venues that currently exist on Hilton Head Island are mostly in critical disrepair. The message of the HHVCB of bringing more tourism to Hilton Head Island in the shoulder and off-season periods of the year has resonated loudly with this constituency. The HHVCB has been closely involved with the arts and culture community. The HHVCB and the arts and culture community has goals and objectives that are very closely aligned.

The HHVCB will be an integral part of this arts and cultural community and will assist these organizations in achieving a single voice to lobby for change, resources and the attention of the Town of Hilton Head Island for their needs. They not only need the Town but more so the Town needs a successful and vibrant arts and culture community. Tourism and the arts/culture scene are inextricably connected. With rising tourism there are more available resources to support the arts and culture community that keep it healthy and innovative. A healthy and vibrant arts and cultural community brings more tourism.

The *Report on A Comprehensive Performing Arts Assessment and Strategic Plan, compiled by The Cultural Planning Group* that was commissioned by the Town of Hilton Head provides a very detailed description of the state of our local arts and cultural community. The study also offers a myriad of tactics and ideas to help to fund and expand our arts and cultural amenities. One of the cornerstones to supporting our arts and cultural community entails the establishment of the Office of Cultural Affairs. This initiative seems to be in a stage of inertia presently as there seems to be question surrounding the funding of this resource and where this resource will reside.

It seems viable that there may be an opportunity for a public/private alliance to create an **Office of Cultural Affairs** where the many responsibilities of this "Office" are shared or bifurcated. For instance there are many responsibilities that are better suited for a non-governmental (non-bureaucratic) environment of the **HHVCB** whereby it would be responsible for: acting as a central arts coordinating agency, producing or presenting arts and cultural programs, marketing the arts in the community, maintaining local arts/culture calendar and inventory of arts resources, providing services and support to local artists, advocacy for the arts, and advising local government on arts policy development.

The activities that should be the role of **The Town of Hilton Head** should be: providing funding for operating and project support, providing technical assistance and capacity-building services, creating arts partnerships and promoting collaborative programming, supporting arts education in the local schools, strategic planning for arts and culture in the community, planning for cultural facilities and venues, coordinating festivals and community special events, supporting the development of the creative economy, and promoting the arts through annual awards and celebrations.

Through a public/private initiative between the Town of Hilton Head Island and the HHVCB this sharing of responsibilities could be easily accomplished and it would streamline the ongoing processes and enable each organizations to be responsible for items that are matched to their core strengths. The HHVCB would also serve as moderator for the arts commission and coordinate with the Town of Hilton Head Island for required actions of HHVCB and the Town that result from the Arts Commission.

The Hilton Head Island brand, which needs major restoration to once again be "top of mind" among leisure and business tourism constituents, needs to be tightly coupled with a vibrant, expanding and diverse arts and cultural experience. A partnership between the HHVCB and the Town of Hilton Head Island could achieve this objective. Together, we could explore a number of new ideas to expand the sources of funding for the cultural community and for multi-use venues that would serve the needs of performing arts, visual arts, art education and for the expanding tourism derived from meetings and conferences that the HHVCB will bring to fruition.

Military Market

The HHVCB views the military travel market to be a perfect segment to improve shoulder and off-season tourism. The HHVCB has conducted research regarding geographic market opportunities for this market segment that reside within relevant proximity of Hilton Head Island.

Additionally the HHVCB is in advanced discussions for partnering with two local military travel/support organizations.

Media Companies

Media companies have been victimized for many years by the current DMOs penchant for unrelated business income in the area of advertising sales. Many local media companies are in support of the HHVCB that represents a different business model that does not include siphoning off local advertising dollars from local for-profit media companies.

Recommendation of Hilton Head Visitors and Convention Bureau to be Granted DMO Status

The Hilton Head Visitors and Convention Bureau is confident of its ability to restore the Hilton Head Island "brand" and to once again make our brand "top of mind" for leisure and business travelers. In this document we have presented our intent to ultimately become the sole DMO for Hilton Head Island. The HHVCB has the core competencies in its current leadership to bring success to our tourism economy. We have support from a wide swath of our community, especially those constituents involved in lodging, arts, culture, history, real estate and local attractions. Once we achieve DMO/co-DMO status we are extremely confident of our ability to quickly assemble a "blue ribbon" board of directors and a "blue ribbon" advisory council. We have many community leaders who have committed to such roles.

The HHVCB is committed to transparency, fiscal responsibility and accountability for our performance. The HHVCB will comply with all requests from the Town of Hilton Head for HHVCB's financial documents as well as any other document requests which would be requested pursuant to State of South Carolina FOIA laws. The HHVCB will commit to operating within a budgetary framework whereby no less than 80% of its total revenue will be spent on marketing, advertising and direct promotion of Hilton Head Island (no more than 20% to be spent on payroll and other administrative/operating expenses).

The HHVCB will assemble a board of directors whereby each board member is elected to the board (not appointed) and this board will elect the president/executive director of the HHVCB. Board members will be from the travel and tourism industry, advertising and marketing industry, real estate industry, local government, local attractions and leaders of arts, cultural and historical organizations. The board will review the annual performance of the HHVCB and determine whether executive leadership should be retained or removed.

The HHVCB has the promise to spark a resurgence in our community. With a renewed interest in meetings/conferences which will target businesses, continued medical education delegates (surgeons, doctors, dentists, radiologists, etc.), high-achievers (incentive travel), military leaders and skilled patriots, we will attract more visitors that will have the resources and proclivity to purchase a primary or second home on Hilton Head Island or perhaps set up their practice or start a business here. By forging strong alliances with arts, cultural and historical treasures and helping them to be appropriately supported we will bring even more tourism.

The HHVCB is highly confident that it will prove its worth through its performance and be provided expanded tourism responsibilities. The HHVCB will leverage technology, globalization (expanded international tourism to Hilton Head Island), our unique travel destination amenities and other strengths found in our community to make our brand top of mind to travelers around the globe.

The status quo is not working. It has not been working for over 15 years. How would it be prudent and acceptable to continue pouring millions of dollars into a model that is inefficient and arguably broken? It would at least be a reasonable step to try something different to see if it can work when we know already that what we have does not. We are confident of our abilities and our plan. We are asking ATAC and Hilton Head Island Town Council to “walk a little with us” to see how it can work.

Other Recommendations ATAC Should Make to Town of Hilton Head Island Town Council

1. **Separate the Chamber of Commerce Function and the CVB Function of the Current DMO**

The current model of a combined chamber and CVB is a vestige from the distant past. Nashville in 2002 was one the last hold-outs of this model. A study commission by the City of Nashville in 2002 was conducted by Coerver & Associates and the study pointed out that out of the 40 of the largest convention and visitors bureaus (based on annual budget) only Salt Lake City had a combined chamber and CVB. Coerver & Associates went on to explain that "an organization with a single focus is more effective than one with multiple priorities and constituencies."

The Destination Management Association International (DMAI), in its *2008 Futures Study*, provided the following facts about destination marketing organizations: 5% of destination marketing organizations are chambers of commerce, 65% of destination marketing organizations are independent non-profit entities, 19% operate as a division of a municipal, county, state or provincial government. Here again we see that a combined chamber/CVB is the rare exception (only 5%). (see attached article about the report's findings)

2. - **Require Each Entity Receiving Public Money to be Totally Transparent and Comply with FOIA**
3. - **Require DMOs Annual Performance to be Benchmarked to Other Similar Destinations**
4. - **Require Annual Abstracts Similar to Myrtle Beach's Annual Abstract to be Published** - **(see attached sample of Myrtle Beach annual abstract)** -
5. - **Require an Independent Investigative Audit to be Conducted**
   The current DMO has received well over $100 million in public money since its inception. Has an independent investigative audit ever been conducted? Certainly it is past time that one be required. As a DMO, the HHVCB would always be more than willing to cooperate with an independent audit of its financial and other operations.
6. **Require the Hilton Head Island-Bluffton Chamber of Commerce (HHIBCC) to be Accountable**
   The HHVCB has provided information proving that the current HHIBCC has not performed in its mission to increase tourism. Since the peak in tourism to Hilton Head Island reached in 1998, tourism (for the past 15) years has been lower than the 1998 level each year. Source numbers are attached to this document. Someone within ATAC or Town Council should take the 10-15 minutes to do so and chart these numbers on an Excel spreadsheet to confirm this for themselves. (see attached visitor numbers and sources)

STATISTICAL ABSTRACT
FOR THE MYRTLE BEACH AREA OF SOUTH CAROLINA

MYRTLE BEACH • NORTH MYRTLE BEACH • SURFSIDE BEACH • LITTLE RIVER • ATLANTIC BEACH
GARDEN CITY BEACH • LORIS • CONWAY • AYNOR • MURRELLS INLET
LITCHFIELD BEACH • PAWLEYS ISLAND

visit MYRTLE BEACH SOUTH CAROLINA

23RD EDITION

STATISTICAL ABSTRACT
FOR THE MYRTLE BEACH AREA OF SOUTH CAROLINA

23rd Edition • Online February 2014

*Please note that due to the numerous sources this information was extracted from, the data in this publication are as current as possible.

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MYRTLE BEACH AREA
CHAMBER OF COMMERCE/CVB

Since 1938, the Myrtle Beach Area Chamber of Commerce (MBACC) has stood as the unified voice of the Grand Strand's business community by promoting, protecting and improving business. A key function of the chamber's mission is to promote the Myrtle Beach area as a travel destination.

The MBACC serves Myrtle Beach, North Myrtle Beach, Surfside Beach, Little River, Atlantic Beach, Garden City Beach, Loris, Conway, Aynor, Murrells Inlet, Litchfield Beach and Pawleys Island. For more information, visit MyrtleBeachAreaChamber.com.

The MBACC Marketing Research Department provides qualitative and quantitative research that is used to promote the area as a vacation destination. The research summaries page in this publication contains information on some of the research conducted. For more information regarding current research and statistics, visit MyrtleBeachAreaChamber.com/Research.

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(843) 626-7444

South Strand Office
3401 Highway 17 South
Murrells Inlet, SC 29576
(843) 651-1010

Myrtle Beach Area Chamber of Commerce
Airport Welcome Center
1100 JetPort Road
Myrtle Beach, SC 29577
(843) 626-7444

For more information go to www.MyrtleBeachAreaChamber.com

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MYRTLE BEACH AREA CHAMBER OF COMMERCE MISSION STATEMENT

The mission of the Myrtle Beach Area Chamber of Commerce is to provide community leadership in the promotion of economic development, including tourism. Accordingly, the chamber will effectively involve itself in the governmental and political arena and in the coordination of efforts to advance business development in order to improve the quality of life and to encourage unity in the region.

MYRTLE BEACH ACCOLADES

BEST-OF-THE-BEST: MYRTLE BEACH AREA RECEIVES PRESTIGIOUS ACCOLADES AND AWARDS

The Myrtle Beach area of South Carolina consistently proves that it is worthy of the moniker "The Grand Strand" year-after-year, as it continues to win prestigious awards ranging from designation as one of "Best Family Vacation Spots," according to FlipKey, to its boardwalk being recognized as one of the "Best Boardwalks for Food Across the USA," according to USA Today. Whether seeking an exciting sporting event or recreational vacation, the perfect family beach, the ideal retirement location or the best place to host a meeting, visitors to the Myrtle Beach area will find award-winning offerings in every

SAMANTHA BROWN
BEST OF SAMANTHA BROWN, TRAVEL CHANNEL (2013)

Samantha Brown, well known for her travel programs on The Travel Channel ranked Myrtle Beach #1 on her list of Best Travel Spots on her show's website. This list was out of five other locations and included places such as Los Angeles, Miami and Nantucket.

FLIPKEY
BEST FAMILY VACATIONS (2013)

FlipKey, the vacation rental company of leading travel website TripAdvisor.com, ranked Myrtle Beach as one of the best family vacation spots.

USA TODAY
BEST BOARDWALKS FOR FOOD ACROSS THE USA (2013)

USA Today chose the top 25 boardwalks around the country based on reflection of region, price, and quality of ingredients. Myrtle Beach ranked 12th on the list.

HIGHLIGHTS MAGAZINE
TOP 10 AMERICAN PLACES KIDS WOULD MOST LIKE TO VISIT (2013)

To celebrate the re-launch of Which Way USA, its popular puzzle club that delivers a state-by-state adventure though the U.S., Highlights for Children polled kids to discover their most-desired vacation destinations. Myrtle Beach, SC, ranked no. 3 on the top 10 list.

FLIPKEY
TOP EAST COAST BEACHES (2013)

FlipKey is the vacation rental company of leading travel website, TripAdvisor.com. Through traveler feedback and industry research, Myrtle Beach was recognized as one of the Top East Coast Beaches based on a variety of factors, including access to restaurants, attractions, lifestyle and of course scenery.

TRIP ADVISOR
TOP 25 TRAVEL DESTINATIONS (2013)

Chosen by millions of travelers, Myrtle Beach was ranked vone of the top 25 travel destinations by TripAdvisor.com.

HUFFINGTONPOST.COM
BEST RESTAURANT CITIES (2013)

The Huffington Post ranked the Myrtle Beach/Florence market as number 6 of 15 restaurant crazy cities based on the number of restaurants per capita in the area. HuffPost Food used data from The NPD Group's annual ReCount survey, which takes a yearly census of the number of restaurants in the country, to rank United States metropolitan areas by the number of restaurants per capita. The group sites the area having over 1700 restaurants and 24 restaurants per 10,000 restaurants.

STADIUM JOURNEY MAGAZINE
101 BEST STADIUM EXPERIENCES IN SPORTS (2013)

Stadium Journey Magazine ranked TicketReturn.com Field at Pelicans Ballpark 19th on its annual list of the 101 best stadium experiences in sports in 2013. The list ranked the Myrtle Beach Pelicans home ballpark among, and ahead of, some of the most famous venues in all of sports such as Wrigley Field and the Cowboys Stadium. The list also ranked the Pelicans as the third-best stadium experience in Minor League Baseball, and the best in the state of South Carolina.

BUDGET TRAVEL
AMERICA'S MOST AWESOME BOARDWALKS (2013)

Budget Travel picked the Myrtle Beach Boardwalk as one of America's Most Awesome Boardwalks. Nineteen boardwalks across the country were chosen, and Myrtle Beach's 1.2-mile oceanfront staple is nestled alongside the Atlantic City Boardwalk in New Jersey, Coney Island in Brooklyn, N.Y., and the Venice Beach Boardwalk in California.

CLIMATE & DISTANCES

ANNUAL WEATHER STATISTICAL AVERAGES

Temperatures based on more than 30 years of data.

Sunny days	215
Overcast days	150
Frost days	42
Days when maximum temperature is more than 90º	40
Days with .10 inches of rain or more	77
Number of sunny days during an average summer month	18
Number of sunny days during an average winter month	15
Wettest months	Aug. & Sept.
Driest months	May & Nov.
Hottest Day (105º F)	Aug. 22, 1983
Coldest Day (4º F)	Jan. 21, 1985

AVERAGE TEMPERATURE HIGHS AND MONTHLY PRECIPITATION

Water and air temperatures based on 30 years (1981-2010) of data in degrees Fahrenheit.

Month	Air	Water	Precipitation
January	57º	51º	4.02″
February	61º	52º	3.45″
March	68º	57º	4.27″
April	75º	62º	3.31″
May	82º	69º	3.20″
June	88º	77º	4.79″
July	91º	81º	5.93″
August	89º	83º	6.42″
September	84º	80º	6.84″
October	77º	73º	4.63″
November	69º	65º	3.26″
December	60º	55º	4.06″

DRIVING DISTANCES TO MYRTLE BEACH

Atlanta, GA	364 miles
Baton Rouge, LA	884 miles
Boston, MA	892 miles
Buffalo, NY	815 miles
Charleston, WV	438 miles
Charlotte, NC	171 miles
Chicago, IL	943 miles
Cincinnati, OH	642 miles
Columbia, SC	138 miles
Daytona Beach, FL	426 miles
Detroit, MI	838 miles
Greensboro, NC	210 miles
Indianapolis, IN	749 miles
Lexington, KY	563 miles
Memphis, TN	740 miles
Miami, FL	704 miles
Montreal, Que	1,040 miles
Mobile, AL	686 miles
Nashville, TN	585 miles
New Orleans, LA	826 miles
New York City, NY	685 miles
Orlando, FL	500 miles
Ottawa, Ont	1,010 miles
Philadelphia, PA	596 miles
Quebec, Que	1,197 miles
Raleigh, NC	193 miles
Savannah, GA	227 miles
St. Louis, MO	891 miles
Syracuse, NY	818 miles
Tampa, FL	525 miles
Virginia Beach, VA	367 miles
Washington, DC	450 miles

OCEAN WATER TRIVIA

During the summer months, the ocean water along the Grand Strand is about 20°F warmer than the ocean water along New York beaches. Over the last 30 years, the lowest temperature Grand Strand ocean water has reached was 41°F (in January 2011) and the highest was 88°F (in July 2011).

Temperatures along the southern coast are usually cooler than inland areas during the summer because of the sea breeze.

Source: South Carolina State Climate Office

RESEARCH PROJECTS

In an effort to meet the business and leisure travelers' needs, research projects and surveys are continuously being conducted at the Myrtle Beach Area Chamber of Commerce. The information obtained from these studies enable the chamber to target its marketing efforts to maximize the return on investment of the marketing dollars spent.

MYRTLE BEACH AREA CHAMBER/CVB IN-MARKET STUDY

In June 2006, the chamber united with local accommodation owners to collect visitor information with the long-term goal of establishing a baseline of visitor demographics by surveying visitors throughout the entire year. The participants distribute survey cards to their guests upon check out, which instructs the visitor to go online and complete the survey. In 2012, over 1,200 people completed the survey and 14% of them were first time visitors to the area. 93% were leisure vacationers to the area and 49% of them took a family vacation. While here, 85% went to the beach, 73% went shopping and 39% attended an amusement or attraction. Over 94% drove to the Myrtle Beach area, and more than 98% of the visitors were either very satisfied or satisfied with their vacation.

MYRTLE BEACH TRAVELER INDEX

In January 2007, the Myrtle Beach Area Chamber/CVB commissioned Equation Research to conduct quarterly surveys with core tracking measures to monitor attitudes and travel preferences for likely travelers to Myrtle Beach. The index has become a vital tool in providing insight into the effects the downturn in the economy has had on the leisure traveler and the areas in which the visitors have had to make cuts in their vacation plans. In June 2012, there was a change in what would impact travel plans in the next six months, with 58% stating time availability, 41% stating a decrease in disposable income and 38% stating rising fuel prices; the percentage of time availability has increased and the other two have decreased when compared to the 2011 numbers. The tracker also measures awareness of Myrtle Beach advertising. In June 2012, awareness of Myrtle Beach indicated TV advertising was 59%, Internet ad was 29% and an ad/article in a magazine was at 29%. In June 2011, those numbers were 53%, 28% and 35%, respectively.

MYRTLE BEACH ZIP CODE ANALYSIS

The Zip Code Analysis program consists of data provided to the Myrtle Beach Area Chamber/CVB by accommodation members. It contains arrival date, city, state and zip code information for an entire year. This is real-time data from actual visitors to the area. Only participants receive reports of the aggregated data, along with a report of their property's data. In 2011, the database contained over 515,000 records, and in 2012 it contained almost 1.2 million records. The following table shows a comparison of 2011 vs. 2012 visitation by the top 10 states and top five cities.

2011

North Carolina
Charlotte, Fayetteville, Raleigh, Greensboro, Winston Salem
South Carolina
Florence, Greenville, Columbia, Charleston, Alcolu
Virginia
Roanoke, Richmond, Lynchburg, Hardy, Pulaski
Georgia
Atlanta, Augusta, Avondale Estates, Gainesville, Athens
Ohio
Columbus, Cincinnati, Chillicothe, Cleveland, Dayton
Pennsylvania
Pittsburgh, Philadelphia, Washington, Johnstown, Greensburg
Tennessee
Johnson City, Knoxville, Maryville, Alcoa, Kingsport
New York
Brooklyn, New York, Buffalo, Rochester, Bronx
Maryland
Baltimore, Waldorf, Annapolis Junction, Frederick, Silver Spring
West Virginia
Charleston, Huntington, Alkol, Bluefield, Beckley

2012

North Carolina
Charlotte, Fayetteville, Raleigh, Greensboro, Albemarle
South Carolina
Florence, Columbia, Greenville, Charleston, Spartanburg
Virginia
Roanoke, Richmond, Lynchburg, Hardy, Danville
Ohio
Cincinnati, Columbus, Dayton, Chillicothe, Cleveland
Georgia
Atlanta, Augusta, Avondale Estates, Gainesville, Athens
Pennsylvania
Pittsburgh, Philadelphia, York, Washington, Abington
Tennessee
Knoxville, Johnson City, Maryville, Kingsport, Alcoa
New York
Brooklyn, New York, Buffalo, Rochester, Alcove,
Maryland
Baltimore, Waldorf, Frederick, Annapolis Junction, Silver Spring
West Virginia
Charleston, Huntington, Beckley, Bluefield, Alkol

TOURIST POPULATION

The estimate of total annual visitors to the Myrtle Beach area is provided by the independent research company D.K. Shifflet & Associates, Ltd., which uses a statistically sound process of data collection and analysis to estimate the number of annual visitors to the Myrtle Beach area. Visitor count estimates include day-trippers and overnight visitors, both in paid and unpaid accommodations. Independent research has been used to evaluate D.K. Shifflet's estimate of visitors staying in unpaid accommodations, including local occupancy rates as published by various sources. The MBACC Research staff has also used growth in lodging tax collections as well as relevant data (average length of stay, average number of travelers in traveling party, etc.) from in-market surveys to gauge the accuracy of D.K. Shifflet's study.

Year	Estimated Number of Visitors (in millions)
2005	13.8
2006	14.6
2007	15.2
2008	14.6
2009	13.7
2010	14.0
2011	14.5
2012	15.2

VISITOR ORIGIN

The International Visitor Arrivals Program is a core part of the U.S. travel and tourism statistical system. The program focuses on collecting and reporting overseas non-resident visitor arrivals to the United States. Most of the program's effort is focused on using the Immigration and Naturalization Service I-94 form data, which all U.S. non-citizens must complete to enter the United States.

In calendar year 2012, according to I-94 data, at least 75,576 overseas travelers, excluding Canadians and Mexicans, indicated South Carolina was the first or primary destination on their US trip (calendar year 2011 was 72,073). Historical data indicates that two of South Carolina's largest overseas visitor origin-countries are Germany and the UK. In calendar year 2012, according to I-94 data, at least 15,472 UK residents and 14,469 German residents visited South Carolina (calendar year 2011: 15,206 UK residents and 14,261 German residents).

Among South Carolina's 946,700 annual Canadian visitors, Ontario (52%) is their primary origin with Quebec (39%) in second place. Vacationers account for 72% of these visitors. Nearly 55% of all Canadian visitors to South Carolina spend the night.

Based on the 2012 conversion study of those who inquired about visiting the Grand Strand, 15% of our visitors came from North Carolina. Another 55% traveled from New York, Pennsylvania, Ohio,Virginia and West Virginia. The following are the 2012 top 10 states of visitation in order: North Carolina, Pennsylvania, Ohio, New York, Virginia, South Carolina, West Virginia, Tennessee, Michigan and Maryland.

ANNUAL NUMBER OF INQUIRIES

The leading origins of visitor inquiries have consistently been Ohio, Pennsylvania, North Carolina, New York and Virginia. In 2012, the chamber received nearly 1,300 inquiries from foreign countries and 98% of those inquiries were from Canada. Other international inquiries came from England, Germany, France and the United Kingdom.

The chamber tracks the number of unique Internet visits (single individual session on the website) and the number of pages viewed on the website. The chamber's official website, VisitMyrtleBeach.com, recorded 8,686,973 visits and 27,156,740 page views in 2012.

Traffic to the VisitMyrtleBeach.com website originated from all 50 states and 476 different countries. The top 10 states for web traffic were: North Carolina, South Carolina, New York, Ohio, Georgia, Pennsylvania, Virginia, California, Illinois, and Texas.

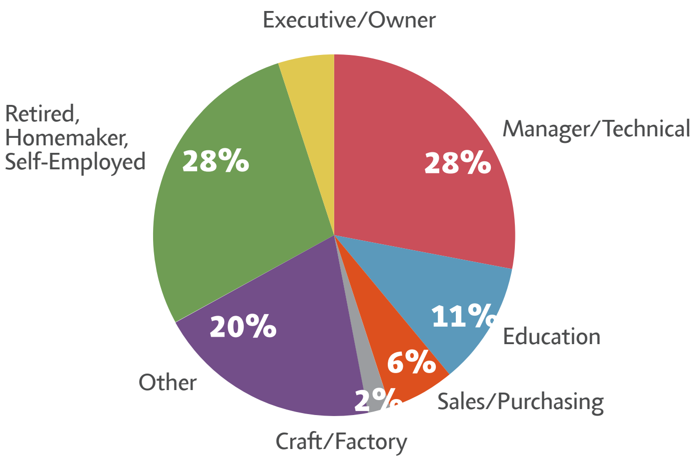
Sources: D.K. Shifflet & Associations, Ltd.; S.C. Department of Parks, Recreation and Tourism; Equation Research: 2012 Economic Impact Study

VISITOR PROFILE

The Myrtle Beach Area Chamber of Commerce/CVB is continually gathering research information about the visitors to the area, which allows for targeted marketing of the consumer.

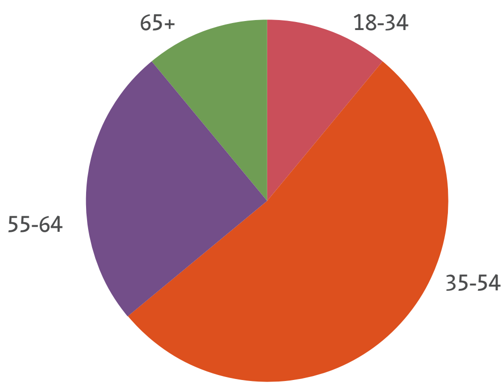
VISITOR OCCUPATION

Of the visiting population 74% work full-time, 15% are retired, 6% are homemakers and 6% are self-employed.



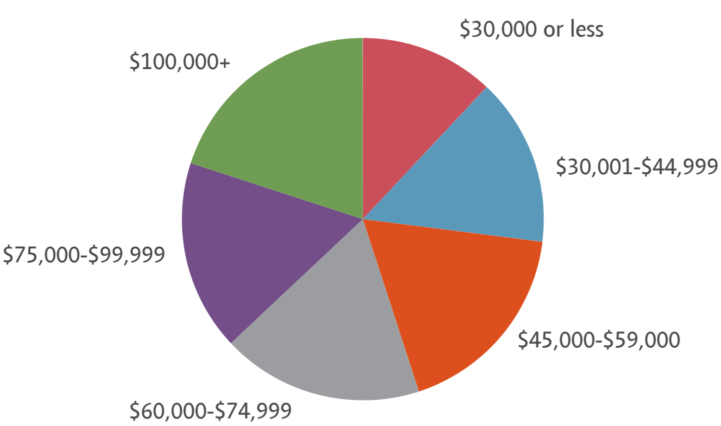
VISITOR AGE

The Grand Strand attracts a wide range of travelers. Approximately 89% of visitors were under the age of 65.



VISITOR AVERAGE HOUSEHOLD INCOME

The Grand Strand attracts middle- to high- income travelers. Visitor income has steadily increased over the years.



VISITOR PARTY

The destination continued to attract adults traveling with children. These visitors had an average party size of five, consisting of three adults and two children.

TRAVEL PARTY TYPES

Families	62%
Couples	29%
Three adults or more	4%
Single Adult	3%
Single Adult with Children	2%

VISITOR LENGTH OF STAY

The average length of stay along the Grand Strand was six days for leisure travelers and three days for business travelers.

NIGHTS SPENT IN THE AREA

1 - 3 nights	16%
4 - 7 nights	70%
8 or more nights	12%

VISITOR ACTIVITIES

The Grand Strand is rich with activities and amusements for leisure and business travelers alike. In 2012, 89% of the leisure visitors enjoyed shopping. Additionally, 94% of overnight visitors enjoyed eating dinner at a restaurant, 91% went to the beach, and 13% played golf.

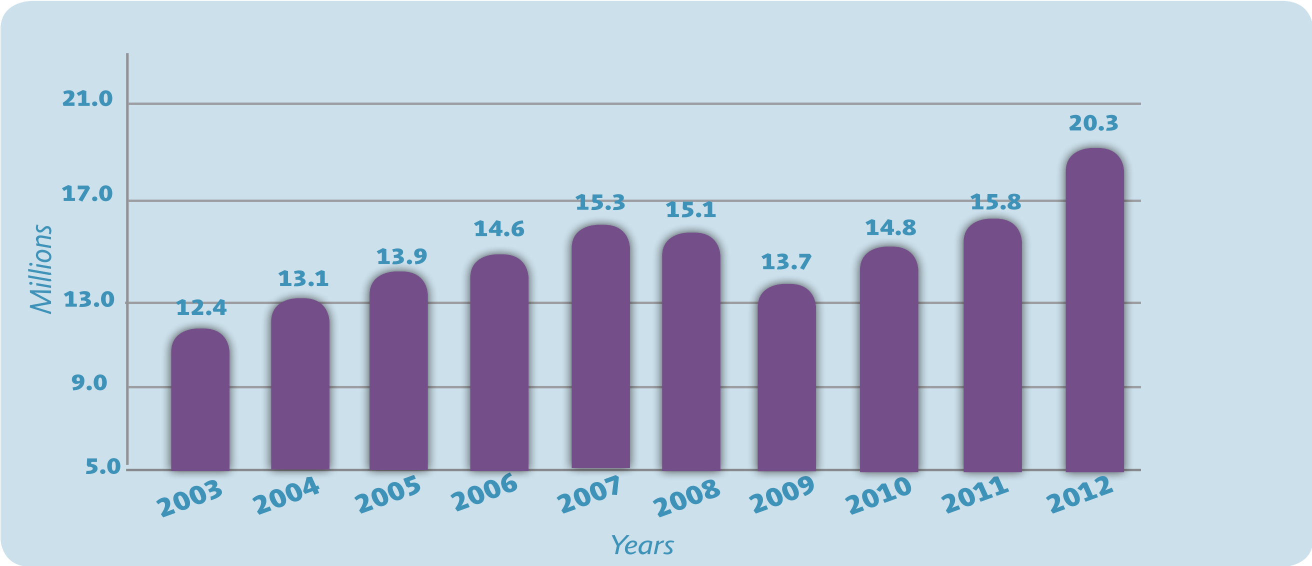
VISITOR CHARACTERISTICS

Grand Strand leisure travelers spent an average of $121 per person per day, and group business travelers spent an average of $262 per person per day. Furthermore, visitors typically used their own vehicle or rented a vehicle as their primary transportation (88%). Most Grand Strand visitors (51%) stayed in hotels, while 30% stayed in condos or villas.

Source: 2012 Myrtle Beach Area Chamber of Commerce In-Market Visitor Profile Study;2012 Economic Impact Study by Equation Research

The S.C. Department of Revenue collects a 2% tax from hotels, motels, condos and vacation rentals on a mothly basis. However, monthly totals may be influenced by factors that are not related to business conditions during that month, making comparisons with the same month in previous years problematic. Year-over-year comparisons of year-to-date totals are less susceptible to these factors and are preferable to monthly comparisons. The graph below shows a 10-year trend of the 2% accommodation collections.

2003-2012 ACCOMMODATIONS TAX COLLECTIONS



The following information shows a three-year trend of the monthly occupancy rate percentages (room nights occupied/room nights available) and the average daily room rate (ADR; total room revenue/room nights occupied). This information has been provided by the S.C. Department of Parks, Recreation and Tourism (SCPRT), and is based on a sampling of local chain hotels and motels in the Grand Strand. For more current occupancy and daily room rates, go to scprt.com.

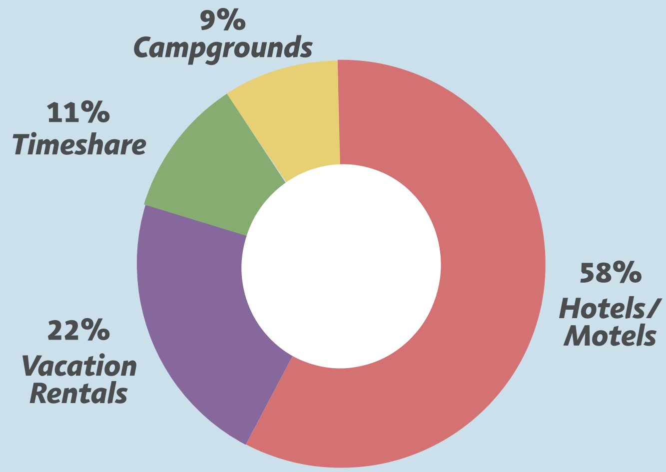
	2010		2011		2012	
	Occ. Rate	ADR	Occ. Rate	ADR	Occ. Rate	ADR
January	24.3	$56.77	23.3	$57.74	22.8	$57.43
February	32.9	$62.77	35.3	$64.83	36.5	$63.08
March	44.9	$72.45	47.7	$73.46	51.6	$78.99
April	54.6	$83.69	58.7	$90.22	58.6	$97.04
May	51.8	$91.50	52.6	$99.45	51.8	$107.63
June	74.2	$117.53	70.5	$125.16	74.0	$132.81
July	87.1	$139.27	83.5	$145.79	80.4	$155.06
August	70.2	$117.76	63.9	$120.00	68.3	$131.97
September	55.5	$86.01	53.0	$87.90	54.7	$97.17
October	45.6	$75.90	41.4	$76.89	42.1	$78.11
November	34.3	$64.03	33.1	$65.91	35.1	$68.15
December	24.3	$57.39	24.7	$59.41	25.3	$59.18
Yearly Average	**50.3**	**$95.50**	**49.0**	**$88.90**	**50.1**	**$93.89**

Sources: S.C. Department of Parks, Recreation and Tourism; Smith Travel Research

ACCOMMODATION STATISTICS

The Clay Brittain Jr. Center for Resort Tourism at Coastal Carolina University began collecting occupancy, average daily room rates (ADR) and revenue per available room data on a voluntary basis from independent Grand Strand lodging properties in 2005. The center's short-term research goal is to develop new approaches to monitoring tourism supply and demand. They currently monitor data during the week (Sunday - Thursday) and on the weekend (Friday - Saturday) and show a comparison from year to year.

The following information shows the last three years' monthly occupancy rate percentages (room nights/occupied/room nights available) and the average daily room rate (ADR; total room revenue/room nights occupied) collected by the Clay Brittain Jr. Center for Resort Tourism.



There are approximately 98,573 bedrooms available for rent along the Grand Strand. This chart shows the breakout of accommodation by type.

Month	2010		2011		2012	
	Occ Rate	ADR	Occ Rate	ADR	Occ Rate	ADR
January	21.4	$46.31	20.0	$50.63	20.9	$49.51
February	29.6	$54.26	33.6	$54.65	34.5	$55.99
March	44.9	$69.84	46.2	$68.29	52.1	$74.78
April	54.2	$85.48	59.6	$87.64	60.2	$95.65
May	47.4	$90.29	52.0	$100.63	52.5	$105.87
June	77.4	$121.07	74.6	$131.33	78.8	$138.54
July	91.5	$147.28	88.1	$160.38	85.5	$164.77
August	76.1	$120.79	73.3	$125.97	74.7	$133.40
September	59.8	$85.73	59.2	$86.22	60.2	$87.77
October	43.6	$71.18	45.1	$69.99	44.2	$68.22
November	31.6	$57.68	31.7	$58.11	32.3	$58.11
December	19.7	$53.11	20.0	$50.63	20.6	$52.74
Yearly Average	49.8	$83.59	50.2	$87.03	51.4	$90.45

The majority of visitors vacation along the Grand Strand during the summer months. The following charts show the Grand Strand weekly lodging performance for the 12 weeks beginning June 1, 2012 and ending August 31, 2012, and a comparison to the summer months beginning June 1, 2011 and ending August 31 2011.

Property Type	2012 Occupancy	2011 Occupancy	% Change	2012 ADR	2011 ADR	% Change
Hotels/ Condotels & Campsites	79.7%	78.7%	1.3%	$145.67	$139.32	4.6%

* The data above are based on a convenience sample with an average size of 9,216 units per week.

Property Type	2012 Occupancy	2011 Occupancy	% Change	2012 ADR	2011 ADR	% Change
Vacation Rental Properties (7 day rental)	84.1%	84.9%	-0.9%	$558.35	$517.32	7.9%

*The data above are based on a random sample of 157 units per week.

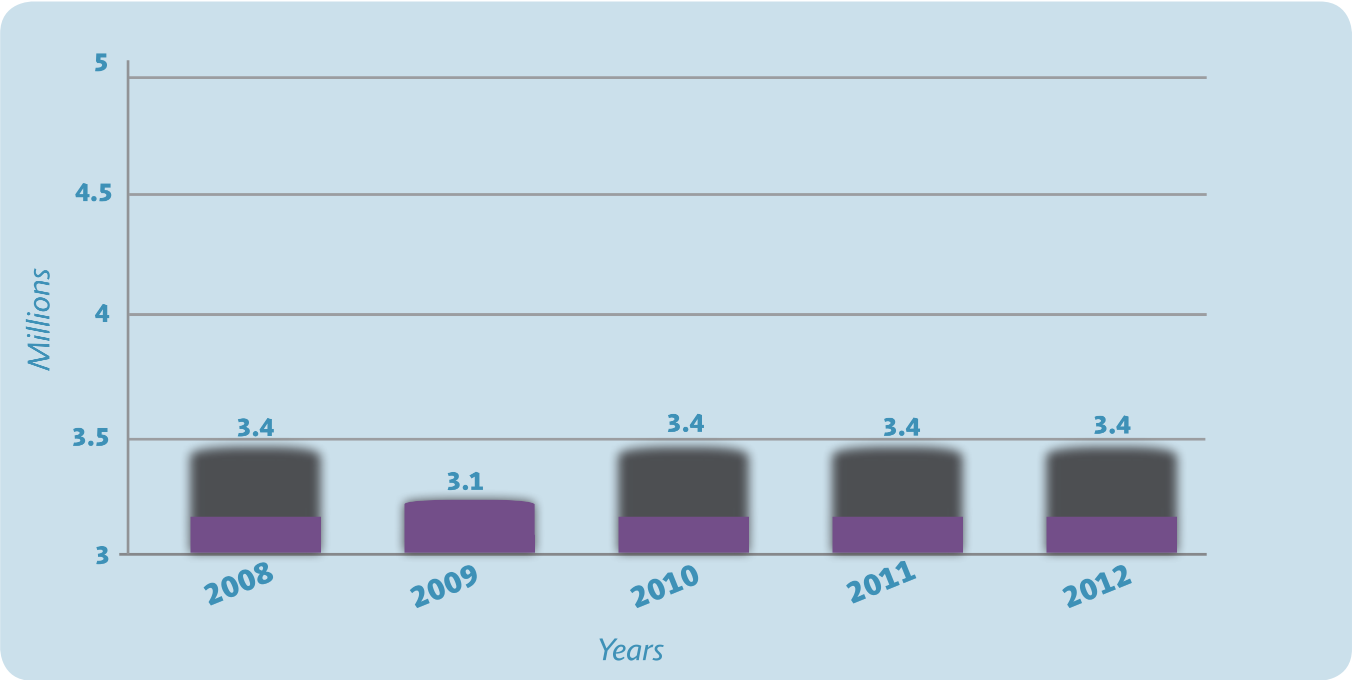
Note: The above analysis are based on sample estimates. Actual business performance results may vary greatly. Therefore, neither the above centers nor Coastal Carolina University warrant the use of the above data or analysis for specific business applications.

Source: Coastal Carolina University

With 102 golf courses, the Myrtle Beach area contributes a large potion of the golf revenue within the state. While the quantity is certainly impressive, the quality is nothing short of awesome. Challenging layouts, stunning vistas and impeccably maintained fairways and greens are the hallmark of the courses that make up the world's most impressive collection of public courses.

In 2012, approximately 3.4 million total rounds of golf were played across the Grand Stand (Rounds data reported via Grand Strand Tee Time Network on Myrtle Beach Golf Holiday member courses).

ESTIMATED PAID ROUNDS



GENERAL INFORMATION

Long regarded as the best value in golf travel, Myrtle Beach has grown into its role as the home of the game's largest concentration of high-end courses. Golf Digest ranks "America's 100 Greatest Public Courses" on a biennial basis and seven Grand Strand layouts earned spots on the prestigious list in 2009. To put that in perspective, the entire state of Florida had just four courses ranked. The area is home to just over 100 golf courses and more than 50 are rated 4 stars or better by Golf Digest.

The Myrtle Beach golf community also hosts some of the game's most popular amateur tournaments, including the Myrtle Beach World Amateur Handicap Championship, a 72-hole event that attracts between 3,000 to 5,000 players from across the globe, and the Palmetto High School Golf Championship, the nation's largest high school golf tournament. In addition, the area serves as the host of the Hootie & The Blowfish Monday After the Masters Celebrity Pro-Am, an event that has raised more than $3 million for charity since coming to the Grand Strand.

With its temperate climate, Myrtle Beach attracts players throughout the year, but play peaks in the spring and fall.

Sources: Myrtle Beach Golf Holiday; S.C. Department of Revenue; S.C. Department of Parks, Recreation and Tourism

AIRPORT INFORMATION

The Horry County Department of Airports was created in November 1987 as an agency of Horry County. The director of the airports is appointed by the county administrator. There are four airports managed by the Horry County Department of Airports:

GRAND STRAND AIRPORT (CRE)

Located within the city limits of North Myrtle Beach, South Carolina and formerly as known "Ramp 66." The airport serves private and corporate aircraft with parking, refueling, maintenance and full-service, fixed-base operators. This is an ideal stop for people visiting the North Strand or transiting from the Northeast to farther South.

CONWAY-HORRY COUNTY AIRPORT (HYW)

Located five miles west of the county seat of Conway, South Carolina, this airport serves general aviation aircraft with parking, refueling and maintenance. The Conway-Horry County Airport (HYW) provides operations and services for the growing general aviation community in the western part of Horry County.

TWIN CITY-LORIS AIRPORT (5J9)

Located two miles northeast of Loris, South Carolina, this facility serves as an unattended airport for public use. This is an excellent training airport for practice approaches and landings by private aircraft.

MYRTLE BEACH INTERNATIONAL AIRPORT (MYR)

Located approximately one mile from the Atlantic Ocean in Myrtle Beach, South Carolina, the Myrtle Beach International Airport (MYR) serves as the only commercial airport for Horry County and the Grand Strand. The airport consists of a passenger terminal complex, a 9,500-foot lighted runway and related taxiways, a general aviation apron and supporting buildings and hangars. MYR recently completed a $118 million terminal capacity enhancement program that expanded the number of gates, baggage claim and security screening areas, in addition to a separate car rental facility and parking. MYR is currently served by seven airlines with non-stop service to over 25 destinations. For more information, please visit **www.FlyMyrtleBeach.com**.

In addition, Phase 1 construction is underway to develop the Myrtle Beach International Airport Technology, Commerce and Aeronautics Park ("ITAP") a 400+ acre site adjacent to the General Aviation terminal, to capitalize on the growing aviation and innovation industries and position Horry County as the premier live/work community in the Southeast. The airport's existing tenants comprise of companies specializing in the handling, servicing, modification and repair of aircraft. For more information, please visit: **www.MBREDC.com**

MYRTLE BEACH INTERNATIONAL AIRPORT COMMERCIAL PASSENGER TOTALS

Year	Arrivals	Departures
2004	766,268	768,944
2005	781,088	785,321
2006	716,484	723,900
2007	839,450	844,373
2008	782,021	783,351
2009	743,206	742,187
2010	869,032	867,106
2011	881,694	878,180
2012	742,097	740,457

Sources: Myrtle Beach International Airport; Horry County Department of Airports

Group business along the Grand Strand has been steady over the years, with more than 30 properties providing full-function space for meetings and conventions. Several properties have the ability to host groups of 500 or more under one roof. The area's largest meeting site is the Myrtle Beach Convention Center. The 249,100-square foot facility is one of the largest on the East Coast and can accommodate 80 percent of all conventions held in the United States. The greatest number of delegates the Myrtle Beach Convention Center can accommodate is 10,000 and the largest number of people that can be served at a seated-meal function is 1,500.

The Myrtle Beach Area Convention Bureau (CVB) was organized by the Myrtle Beach Area Chamber of Commerce in 1979 to coordinate and stimulate promotion of the Grand Strand as a destination for group business. Today, the convention bureau has 10 employees and serves as a division within the Myrtle Beach Area Chamber of Commerce. The CVB Group Sales staff aids meeting planners and tour operators in locating sites for conventions, meetings and motorcoach tourism; in recent years, reunions and sporting events have increased in the area. They also assist groups with registration personnel, name badges, speakers and welcome packages containing informative literature and brochures.

Promoting the Myrtle Beach area as a group destination involves telemarketing, trade show promotion, sales events and activities, direct mailing and advertising placements. A total of 778 leads were generated during 2013, creating 150,876 new room nights. The CVB staff also provided in-market services for 309 groups with a total of 50,144 attendees.

BUSINESS TRAVEL

In 2012, business travel grew by nearly 5 percent. A new study, *The Role of Business Travel in the U.S. Economic Recovery*, provides clear evidence that business travel drives corporate revenues and delivers profits to the bottom line. Below are a few highlights from the study

- Nearly three-in-four (74%) frequent business travelers surveyed reported that in-person meetings with clients deliver a high impact on customer retention.
- Companies that invested the most on business travel during the Great Recession grew faster than those that cut back.
- For every U.S. dollar companies invested in business travel, Oxford Economics determined they realize $9.50 in new revenue (Oxford Economics).
- More than three-quarters of survey respondents believe conferences and conventions provide a high impact on gaining industry insights (78%) and developing industry partnerships (76%).

Source*: U. S. Travel Association; Business Travel Fact Sheet*

SPORTS TOURISM

In the last several years, the Myrtle Beach area has seen a large increase in sports tourism. Many of the tournaments have been held outside the Myrtle Beach area due to a lack of adequate facilities. However, in an effort to meet the needs of this ever growing industry, a number of new facilities have been developed.

GRAND PARK ATHLETIC COMPLEX

1011 Crabtree Lane
Myrtle Beach, SC 29577
(843) 918-2389
www.cityofmyrtlebeach.com

The Grand Park Athletic Complex features seven large multipurpose fields and two youth fields. All have synthetic FieldTurf, lights and are designed to accomodate a varierty of sports, including baseball, softball, lacrosse, soccer and football. The complex also has a six-tunnel batting cage, plenty of free parking and three towers with restrooms and concessions. In 2012, the City of Myrtle Beach hosted 2,892 teams on its athletic fields. In all, those teams played 8,628 games during the calendar year.

MYRTLE BEACH SPORTS CENTER

The Sports Facilities Advisory
600 Cleveland Street, STE. 910
Clearwater, FL 33755
(727) 474-3845

The Myrtle Beach Sports Center is a planned 100,000 square-foot indoor sports facility scheduled to be completed by February 2015 - just in time for the spring sports season. It will be located adjacent to the Myrtle Beach Convention Center. The facility will include space for eight basketball courts or 16 volleyball courts, a cafe, retail area, an entertainment zone and a 1500-seat telescopic bleacher system.

NORTH MYRTLE BEACH PARK AND SPORTS COMPLEX

150 Citizens Circle
Little River, SC 29566
www.nmb.us

Opening in March 2014, the North Myrtle Beach Park and Sports Complex is a state-of-the-art sports tourism and recreational facility. The park contains a six-field baseball/softball complex and an eight-field soccer/lacrosse complex. Included in the complexes are amenities such as batting cages, warm-up areas, concessions and restrooms. Over 60 sports tourism events will be held at the park in 2014 including the IQA Quidditch World Cup and the Dixie Softball World Series.

THREE-YEAR COMPARISON OF ECONOMIC INDICATORS
(2010-2012)

GROSS RETAIL SALES

County	09-10 Fiscal Year	10-11 Fiscal Year	11-12 Fiscal Year
Horry County	$ 7,849,340,610	$ 8,498,665,503	$ 8,751,960,729
Georgetown County	$ 1,148,063,838	$ 1,238,890,917	$ 1,336,222,278
Total	**$8,997,404,448**	**$9,737,556,420**	**$ 10,088,183,007**

GROSS RETAIL SALES

Year	Myrtle Beach	North Myrtle Beach	Surfside Beach	Horry County	Georgetown County
2010	$1.91 billion	$676 million	$142 million	$8.10 billion	$1.21 billion
2011	$1.94 billion	$724 million	$140 million	$8.49 billion	$1.26 billion
2012	$2.03 billion	$764 million	$148 million	$9.01 billion	$1.36 billion

ACCOMMODATIONS TAX COLLECTIONS

County	09-10 Fiscal Year	10-11 Fiscal Year	11-12 Fiscal Year
Horry County	$ 13,902,715	$ 15,433,198	$ 18,334,210
Georgetown County	$ 1,336,714	$ 1,415,549	$ 1,442,858
Total	**$ 15,239,429**	**$ 16,848,747**	**$ 19,777,068**

ADMISSIONS TAX COLLECTIONS

County	09-10 Fiscal Year	10-11 Fiscal Year	11-12 Fiscal Year
Horry County	$ 8,680,904	$ 8,700,723	$ 9,559,052
Georgetown County	$ 860,811	$ 812,675	$ 792,617
Total	**$ 9,541,715**	**$ 9,513,398**	**$ 10,351,669**

UNEMPLOYMENT
(number of people in the labor force and the unemployment rate)

County	2010	2011	2012
Horry County	129,520 (12.2%)	129,085 (11.5%)	129,445 (10.2%)
Georgetown County	30,297 (12.2%)	29,880 (10.9%)	28,932 (9.8%)

MYRTLE BEACH INTERNATIONAL AIRPORT
(number of passengers)

	2010	2011	2012
Departures	867,106	878,180	740,457
Arrivals	869,032	881,694	742,097

RESIDENTIAL CONSTRUCTION - NEW PERMITS
(additions and alterations not included)

Horry County	2010			2011			2012		
	Bldgs	Units	Value	Bldgs	Units	Value	Bldgs	Units	Value
Myrtle Beach	119	119	$19,893,801	188	193	$ 47,154,074	281	324	$ 82,862,024
North Myrtle Beach	148	214	$49,060,764	165	197	$ 40,583,620	232	243	$ 52,772,286
Surfside Beach	13	13	$ 2,170,501	42	42	$ 9,741,767	35	35	$ 8,213,102
Total Horry County	**1,400**	**1,508**	**$224,298,934**	**1491**	**1776**	**$265,400,982**	**2075**	**2308**	**$376,310,008**

Georgetown County	2010			2011			2012		
	Bldgs	Units	Value	Bldgs	Units	Value	Bldgs	Units	Value
Georgetown	0	0	$ 0	0	0	$ 0	182	182	$42,031,016
Georgetown Unincorp.	140	140	$29,695,801	149	149	$35,484,308	4	48	$ 3,786,134
Total Georgetown County	**140**	**140**	**$29,695,801**	**149**	**149**	**$35,484,308**	**186**	**230**	**$45,817,150**

Sources: S.C. Department of Revenue; S.C. Department of Parks, Recreation and Tourism; S.C. Employment Security Commission; U.S. Bureau of the Census; Myrtle Beach International Airport

LOCAL DEVELOPMENT: 2012-2013

The Grand Strand is one of the fastest growing areas in the United States and current development includes a wide range of new businesses established and/or planned during 2013. These include entertainment centers, restaurants, motels, golf courses, business and resort centers and general services.

RESTAURANTS

In November 2012, **Angelo's Steak & Pasta** opened in its new location on the south end of Myrtle Beach. In April 2013, **Cook Out** opened its first store off Hwy. 501 in Conway, **Sam Snead's Oak Grill and Tavern** opened in Carolina Forest and **Habaneros Mexican Restaurant** opened their second location in St. James Plaza. During June 2013, **Ocean 17 Mediterranean Restaurant** opened in Myrtle Beach and in August 2013, **Hammerhead Grill** opened at Shark Attack miniature golf. In September 2013, **Hungry Howie's** opened in Surfside Beach, and in November **Longhorn's** opened their second restaurant in North Myrtle Beach.

ACCOMMODATIONS

In October 2012, the **Springmaid Beach Resort** launched its status as Myrtle Beach's newest dog friendly resort, offering an affordable dog-friendly rate and designated dog-friendly rooms. **Cypress Camping Resort**, which has 101 pull through sites and cabins opened in Socastee in June 2013. In July 2013, **Courtyard Myrtle Beach Broadway** completed an $800,000 renovation with a newly refreshed lobby, restaurant and meeting area. Construction began on a **Hilton Myrtle Beach Resort** with 385 guest rooms Oct. 15, 2013 with a 20-month timetable setting a completion date around July 2015.

OTHER BUSINESSES

Helicopter Adventures began offering tours from its Broadway at the Beach location in June 2012, and in July 2012 Carmike Cinemas began offering its **BigD Theater** experience. In July 2012 **Target**, in August 2012 **Marshalls**, and in September 2012 **Petco** all opened new stores in Sayebrook Town Center off Hwy. 544. The **South Strand Recreation Center** opened in August 2012 off Holmestown Road. In October 2012, **Beach Bingo** opened in the Superblock area of downtown Myrtle Beach, and a drive-thru **Starbucks** opened in Queen's Harbour. A cluster of new shops opened in 2012 along the new Myrtle Beach Boardwalk, **New York Style Pizza**, **Sweet Frog's Yogurt**, a souvenir store and an Internet café. In March 2013, **Lowes Foods** opened on International Drive and **Shark Attack** miniature golf opened in Myrtle Beach. **Carolina Comedy Club** opened at Broadway At The Beach in April 2013, while openings in May 2013 included **I Love Sugar** in downtown Myrtle Beach, **Mattress Firm** at Coastal Grand Mall, **Warp Zone** at Myrtle Beach Mall, **CPG Family Medicine** in Aynor and **Myrtle Beach Jet Pack Adventures**. In June 2013, **Family Kingdom** added four new rides including a steel roller coaster and construction began on the area's first **Walmart Neighborhood Market** in Surfside Beach with a planned opening of early summer 2014. **The North Face** opened in August 2013 at the Tanger Outlets near U.S. 22, the **Fuzzy Peach Yogurt** opened at Inlet Square Mall and a **Goodwill Store** opened in Murrells Inlet. In September 2013, the **Ocean 18 Salon & Trim Spa** opened in Myrtle Beach, and the **Fresh Market** opened their first store along International Drive in November 2013.

ROADS

In June 2013, **Coast RTA** added a new shuttle service from the Myrtle Beach International Airport to hotels, businesses and the Myrtle Beach Sheraton Convention Center. Construction began in 2011 and will continue for the next three years on the **Backgate Overpass Project**; it is expected to be completed by August 2014. Widening S.C. 707, **Carolina Bays Parkway Extension**, from Enterprise Road to U.S. 17 Bypass at Murrells inlet will have a new overpass and interchange with a projected completion date of Spring 2017. The extension of S.C. 31 from S.C. 544 to S.C. 707 is also expected to be competed in Spring 2017.

ON THE HORIZON

Cook Out will open a second new restaurant on Kings Hwy. in Myrtle Beach in the Spring of 2014. The **Coastal North Town Center** is under construction in North Myrtle Beach and it will house the area's first **Publix** store. A completion date of late 2014 is expected. **Publix** is also planning on a second store in Pawleys Island in 2015. **McAlister's Deli** has begun construction on their 4th store in North Myrtle Beach and anticipate a June 2014 opening.

Source: The Sun News

The year 2012 was a turnaround year in terms of sales performance. All property classes (Single Family Residential, Condo, amd Residential Lots) ended the year with double digit sales growth versus the 2011 performance.

During 2012, the single-family home prices reached 2004 sale levels, and 50% of sales were from cash buyers. The single-family housing market sales peaked in Horry County during May, and even though distressed sales continued to be part of those sales, they had decreased by 25% compared to 2011.

Over the years Horry County's population has been growing at a steady pace, and since 2002 it has grown 36%. According to the U.S. Census Bureau housing market, the estimated number of households in the county (2010) has grown by 38% since 2000.

The number of new single-family residential permits increased by 46% from 2010, and the number of multi-family permits by more than 200% from 2010.

The dollar value of single-family construction permits in 2012 increased 47% from 2011, while the dollar value of multi-family permits increased approximately 69% in that same time period.

In 2012, 2,029 new residential building permits were issued in Horry County at a value of more than $351 million. That was a 37% increase from the 1,481 new residential building permits issued for the same time period in 2011, at a value of more than $238 million.

RESIDENTIAL CONSTRUCTION PERMITS

	Single-Family Residences		Multifamily Residences			
Year	Bldgs.	Value	Bldgs.	Units	Value	Total
2003	3,363	$446,663,759	113	1,767	$177,879,155	$624,542,914
2004	4,253	$582,130,732	220	2,815	$274,627,300	$856,758,032
2005	6,471	$936,513,534	345	5,357	$685,307,577	$1,621,821,111
2006	6,452	$961,143,644	210	3,851	$520,111,473	$1,481,255,117
2007	3,813	$606,313,278	91	1,455	$203,679,539	$809,992,817
2008	1,867	$291,655,836	52	1,128	$227,984,954	$519,904,760
2009	1,457	$209,682,370	19	254	$42,567,877	$252,250,247
2010	1,388	$205,112,076	12	120	$19,186,858	$224,298,934
2011	1,481	$238,917,873	10	295	$26,483,109	$265,400,982
2012	2,029	$351,863,907	46	279	$44,832,612	$396,696,519

The price of residential homes has increased significantly since 2000. The ACCRA quarterly cost of living report stated that the average cost of a home in the Myrtle Beach area (using 2,400 square feet as the average home size, conventionally built on site, three bedrooms, two baths, two-car garage) was $232,761 in 2011. This same report recorded the average annual price of a home decreased to $220,493 in 2012, a decrease of 5%. The rental price of a housing unit has decreased 1% since 2008. The ACCRA cost of living report stated that the average rent for a two-bedroom apartment was $687 in the third quarter of 2008 and in the third quarter of 2013 it was $680.

*Sources: U.S. Bureau of the Census: Manufacturing and Construction Division;
2012 Market Trends Grand Strand Real Estate; 2013 C2ER July Cost of Living Survey; SiteTech Systems*

LABOR INFORMATION

LARGEST NON-MANUFACTURING EMPLOYERS IN HORRY COUNTY

Employer	# of Employees	Phone Number
1. Horry County School District	5473	(843) 488-6900
2. Wal-Mart	2262	(843) 215-3688
3. Horry County Government	2000	(843) 915-5230
4. Coastal Carolina University	1477	(843) 349-2036
5. Conway Medical Center	1398	(843) 347-7111
6. Grand Strand Regional Medical Center	1300	Apply Online
7. Blue Cross/Blue Shield	1200	(843) 650-6100
8. Food Lion	972	Apply Online
9. McLeod Loris Seacoast	928	(843) 777-2595
10. City of Myrtle Beach	850	(843) 918-1000
11. National Golf Management	787	(843) 282-8980
12. HTC	740	(843) 365-2151
13. Wyndham Vacation Ownership	655	(843) 281-3300
14. Kingston Plantation	550	(843) 449-0006
15. Bi-Lo	435	(843) 626-7400
16. Lowe's Building/Supply	421	(843) 626-1700
17. Sands Oceanfront Resorts	400	(843) 449-7441
18. Ocean Lakes Family Campground	380	Apply Online
19. Santee Cooper Electric	340	(843) 761-8000
20. Grand Strand Water & Sewer	302	(843) 282-8980

Sources: Called businesses directly to verify employee numbers

LARGEST MANUFACTURING EMPLOYERS HORRY COUNTY

Company Name and Number of Employees

1. Palmetto Corp.. 358
   (Conway: two divisions)
2. Conbraco Industries Inc.......................... 320
   (Conway: two divisions)
3. Builders FirstSource, Inc.......................... 290
   (Conway & Loris)
4. MetGlas, Inc. 180
   (Myrtle Beach)
5. Precision Southeast, Inc.......................... 160
   (Myrtle Beach)

GEORGETOWN COUNTY

Company Name and Number of Employees

1. International Paper Company.................710
   (Georgetown: three divisions)
2. Arcelormittal International......................221
   (Georgetown)
3. Three D Metal Works.............................188
   (Andrews)
4. 3V corporated..178
   (Georgetown)
5. Mitco MFG. 125
   (Andrews)

Sources: 2014 S.C. Industrial Directory

The majority of jobs in Horry County are related to the services necessary to support tourism business. Approximately 65 to 70% of Horry County's employment is either directly or indirectly tourism-related. The U.S. Census Bureau estimated Horry County's year-round population in 2012 at 282,285. The following chart shows the total number of employees in nonagricultural positions. Additionally, the chart reports the percentage of those employed in particular categories of business.

EMPLOYMENT BY INDUSTRY

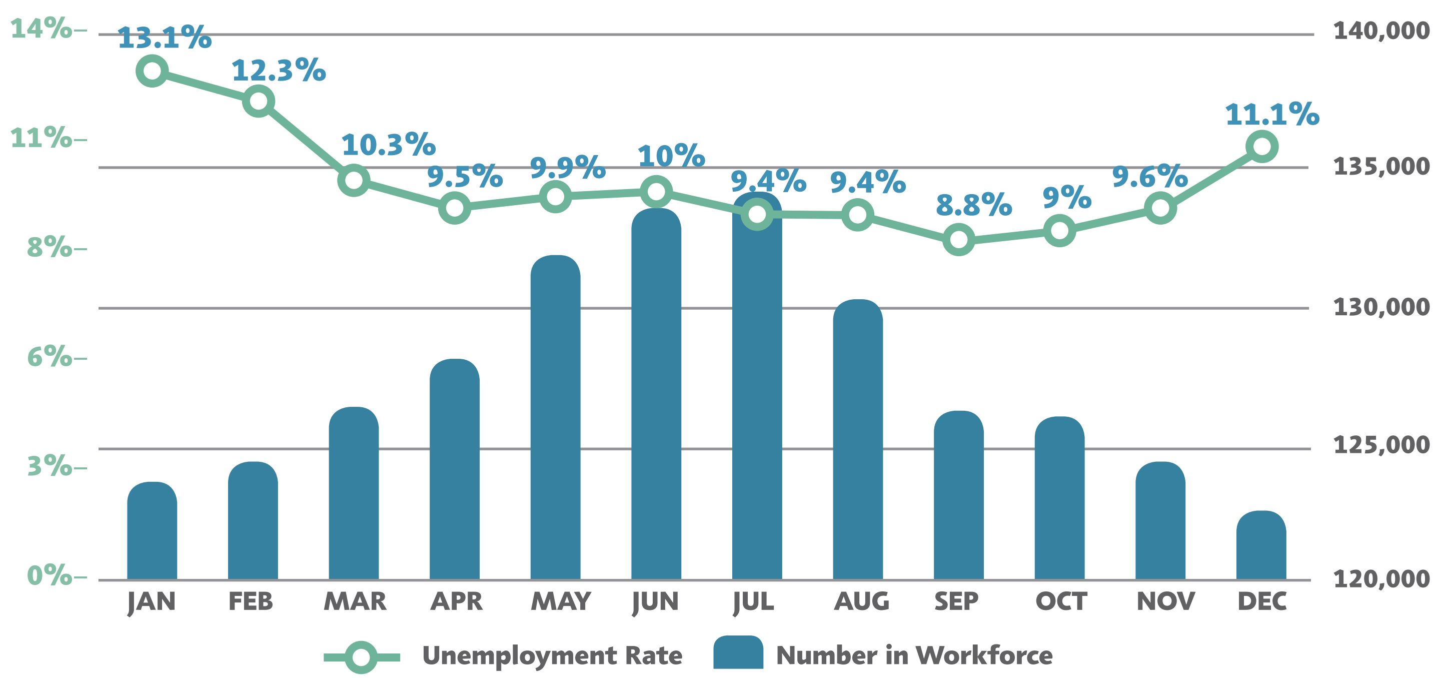
Average Monthly Employed	Manufacturing	Mining & Construction	Transportation & Public Utilities	Retail & Wholesale Trade	Finance, Insurance & Real Estate	Services	Government
129,085	2.6%	3.8%	1.9%	21.0%	5.9%	56.3%	7.8%

Note: Percentages may not total 100 due to averaging.

Over the years, Horry County has increased the number of employment opportunities and has seen a growth in population. In 2012, the annual average unemployment rate was 10.2%, compared to an annual average rate of 11.5% in 2011.

The graph below shows that the unemployment rate in Horry County decreases during the peak tourism months.

2012 HORRY COUNTY UNEMPLOYMENT



Sources: S.C. Employment Security Commission; Chmura JobsEQ

COST OF LIVING

Every quarter the Council for Community and Economic Research compiles and publishes the ACCRA Cost of Living Index, a comparison of the cost of living in more than 300 cities and areas across the country. Participating agencies such as chambers of commerce collect prices on nearly 60 different products and services. In an effort to control random error in the analysis of the data, agencies are expected to collect the same data at the same time for every quarter during the year.

Listed below are just a few examples of how Myrtle Beach compares with the rest of the nation. A composite index score of 100 is the national average.

Cities	Composite Index	Grocery Items	Housing Cost	Utilities	Transportation	Healthcare	Miscellaneous Goods & Services
New York, NY (Manhattan)	218.8	132.8	437.1	132.1	125.4	106.1	151.5
Washington, DC	140.9	110.9	246.3	106.0	107.1	100.2	95.0
Hilton Head, SC	107.4	106.5	107.8	104.2	101.5	106.6	110.8
Miami, FL	107.2	100.8	117.8	94.5	111.8	105.4	103.5
Asheville, NC	102.4	97.5	105.4	105.8	99.8	111.7	100.7
Richmond, VA	101.5	96.7	88.2	106.7	100.2	104.2	113.1
Virginia Beach, VA	99.9	93.2	92.6	108.0	98.6	102.7	106.4
Charleston, SC	99.6	104.8	87.2	113.6	96.5	107.5	103.3
Wilmington, NC	97.3	103.1	84.4	110.8	96.4	107.0	100.3
Atlanta, GA	95.5	97.5	85.7	93.1	100.8	102.2	100.8
Daytona Beach, FL	94.7	95.6	79.0	89.5	107.3	95.9	104.1
Myrtle Beach, SC	**94.1**	**100.1**	**73.2**	**118.6**	**98.4**	**109.9**	**97.3**
Raleigh, NC	92.6	102.0	75.5	106.1	96.0	98.7	96.5
Augusta, GA	86.8	83.3	75.3	97.4	88.6	87.2	93.7

AREA PRICES AS REPORTED IN THE COST OF LIVING INDEX

Average Apartment Rent	$680 (two bedrooms, two baths, unfurnished, approx. 950 sq. ft., excluding utilities except water and sewer)
Average New Home Cost	$220,493 (2,400 sq. ft. living area, conventionally built on site, three bedrooms, two baths, two-car garage)
Average Electric Bill	$215.13 (based on 2400 sq. ft. living area)
Average Phone Charges	$27.64 (private residence, not including long distance service)
Average Gasoline Price per Gallon	$3.24 (regular unleaded gasoline)
Average Price of a Movie Ticket	$8.25 (recent release, indoor theater, evening rates)

Source: ACCRA Cost of Living Index (data collected in July 2013)

NATIONAL EASTERN STRATEGIC ALLIANCE (NESA)

The National Eastern Strategic Alliance's primary objective is to significantly enhance the quality of life for residents of the region by creating additional jobs and capital investment within the existing industry base, recruiting new companies and expanding tourism-related development. NESA works with representatives from each of its nine counties and provides the following services: regional site selection, infrastructure, incentives and workforce.

For more information: ***NESA***
P.O. Box 100547
Florence, SC 29502
(843) 661-4669
www.nesasc.org

MYRTLE BEACH REGIONAL ECONOMIC DEVELOPMENT CORPORATION (MBREDC)

Myrtle Beach Regional Economic Development Corporation is a nonprofit organization designed to encourage manufacturing business growth and job creation in Horry County. It incorporates the efforts and resources of public and private entities to promote long-term, community-wide strategies for enhancing and diversifying Horry County's economy. Consulting, planning, zoning and development assistance are provided for the expansion and relocation of manufacturing businesses in Horry County.

For more information: ***MBREDC***
2431 Hwy. 501 E.
Conway, SC 29526
(843) 347-4604 or (800) 844-4983
www.mbredc.org

GEORGETOWN COUNTY ECONOMIC DEVELOPMENT COMMISSION

The Georgetown County Economic Development Commission's mission is to develop and encourage job creation and investment in Georgetown County by promoting a positive business climate, marketing Georgetown County and developing growth opportunities for new and existing industries.

For more information: ***Georgetown County Economic Development Commission***
716 Prince St.
Georgetown, SC 29440
(843) 545-3161
www.seegeorgetown.com

MYRTLE BEACH AREA CHAMBER OF COMMERCE (MBACC)

The Myrtle Beach Area Chamber of Commerce has more than 2,400 members, 80% of which have 50 or fewer employees. Our goal is to promote the interests of these small businesses by providing programs and services that encourage professional development and to help small businesses thrive.

For more information: ***MBACC***
1200 North Oak St.
Myrtle Beach, SC 29577
(843) 626-7444
www.myrtlebeachareachamber.com

POPULATION INFORMATION

The Grand Strand has seen steady growth in population in the past several decades. The growth in population has been evident in the increase of the number of residential construction starts and infrastructure development.

The Census Bureau completes population updates every two years for Metropolitan Statistical Areas (MSA). Horry County constitutes an MSA because the population of the area is greater than 100,000. The 2012 census estimates Horry County's population at 282,285 for the 1,134 square miles of land area. Although Horry County is the largest county in land area in South Carolina, its population accounts for roughly 6% of the state's population.

HORRY COUNTY POPULATION

(U.S. Census Bureau)

1990	144,053
2000	196,629
2010	269,291
2015	294,600*
2020	319,900*
2025	342,530*
2030	371,700*

*projection

Georgetown County includes nearly 815 square miles. In 2012 its population was estimated at 60,189. Its population makes up a bit more than 1% of the state's total.

GEORGETOWN COUNTY POPULATION

(U.S. Census Bureau)

1990	46,302
2000	55,797
2010	60,158
2015	61,300*
2020	62,500*
2025	63,800*
2030	65,100*

*projection

NET MIGRATION

According to U.S. Census Bureau statistics released in April 2012, the Myrtle Beach Metropolitan Statistical Area was one of the top 10 fastest growing metro areas in the United States. In the last 10 years, the county has experienced a 34% growth in population.

RETIREES

Today, 26% of South Carolina's residents are over 55 years of age. Horry County is No. 1 among the top five regions in the state where retirees are relocating. Since 2000, the county's population of 65 and over (2012) grew by 58%.

Similarly in Georgetown County the population of persons 65 and over (2012) grew 46% since 2000.

SMALLER COMMUNITIES

The Census Bureau only acquires population information on smaller communities every 10 years. Census figures shown below are the most recent figures available.

	2000	2012
Andrews	3,068	2,831
Atlantic Beach	351	347
Aynor	587	600
Briarcliffe Acres	470	480
Bucksport	1,117	867
Conway	11,788	18,688
Forestbrook	3,391	4,612
Garden City Beach	9,357	9,209
Georgetown	8,950	9,092
Little River	7,027	8,960
Loris	2,079	2,465
Murrells Inlet	5,519	7,547
Myrtle Beach	22,759	28,292
North Myrtle Beach	10,974	14,472
Pawleys Island	138	103
Red Hill	10,509	13,223
Socastee	14,295	19,952
Surfside Beach	4,425	4,007

Sources: S.C. Statistical Abstract; U.S. Census Bureau

RESIDENT DEMOGRAPHIC INFORMATION

HOUSEHOLD DEMOGRAPHICS (2008-2012 ESTIMATES)

	Horry County	Georgetown County
TOTAL NUMBER OF HOUSEHOLDS	113,412	22,361
Family Households (Families)	**73,654 (65%)**	**15,467 (69%)**
With own children under 18 years	26,821 (24%)	4,574 (21%)
Married couple family	54,892 (48%)	11,621 (52%)
With own children under 18 years	16,772 (15%)	2,841 (13%)
Male householder, no wife present, family	4,927 (4%)	706 (3%)
With own children under 18 years	2,518 (2%)	324 (1%)
Female householder, no husband present	13,835 (12%)	3,140 (14%)
With own children under 18 years	7,531 (7%)	1,409 (6%)
Non-Family Households	**39,758 (35%)**	**6,894 (31%)**
Householder living alone	30,875 (27%)	5,981 (27%)
Householder 65 years and older	12,143 (11%)	2,917 (13%)
Average Household Size	**2.37**	**2.67**
Average Family Size	**2.84**	**3.27**

RACIAL COMPOSITION (2008 - 2012 ESTIMATES)

County	Total Population	White	Black	Asian/American Indian	Other	Two or More Races	Hispanic or Latino
Georgetown	60,285	38,223	20,450	493	1,013	328	1,844
Horry	270,943	216,017	36,729	6,342	9,509	4,573	16,739

AGE COMPOSITION (2008 - 2012 ESTIMATES)

County	Total Population	Under 5	5 – 19	20 – 64	65 or older	Median Age
Georgetown	60,285	3,299	10,990	33,796	12,200	45.6
Horry	270,943	15,400	46,124	162,675	46,744	41.4

INCOME DEMOGRAPHICS (2008 - 2012 ESTIMATES)

County	Per Capita Personal Income	Median Family Income
Georgetown	$24,513	$54,969
Horry	$24,144	$51,478

EDUCATIONAL ATTAINMENT FOR PERSONS 25 YEARS AND OVER (2008 - 2012)

County	Total	Less than 9th Grade	High School (no diploma)	High School Graduate	Some College	Two-Year Degree	Bachelor's Degree	Graduate or Professional Degree
Georgetown	43,048	2,457	4,114	14,318	8,430	3,888	5,961	3,880
Horry	190,585	7,728	16,417	62,890	43,219	17,989	28,407	13,935

RESIDENTIAL POPULATION PROJECTION (2012)

County	2000	2010	2015	2020	2025	2030
Georgetown	55,797	60,158	61,300	62,500	63,800	65,100
Horry	196,629	269,291	294,600	319,900	345,800	371,700

Sources: U.S. Census Bureau Data; South Carolina Statistical Absrtact

HEALTHCARE

Conway Medical Center

300 Singleton Ridge Road, Conway, SC 29526
(843) 347-7111
www.conwaymedicalcenter.com

With the recent addition of its Patient Bed Tower, Conway Medical Center (CMC) now offers 210 beds to help care for residents and visitors in the surrounding area. As one of the largest employers in Horry County, CMC employs over 200 medical personnel with a variety of specialties to provide patients with services to aid with all of their medical needs. CMC also has Conway Physicians Group (CPG), a multi-specialty group of 18 physician offices affiliated with the hospital.

Grand Strand Regional Medical Center

809 82nd Parkway, Myrtle Beach, SC 29572
(843) 692-1000
www.grandstrandmed.com

In 2013, Grand Strand Regional Medical Center (GSRMC), a 269 bed facility, treated over 80,000 emergency department patients. GSRMC is a Level 2 trauma center and an accredited advanced primary stroke center. The hospital offers the only cardiac surgery program in Horry and Georgetown counties, with surgeons performing over 400 heart surgeries annually. GSRMC has 270+ physicians, over 1,400 staff members and 180 volunteers. South Strand Medical Center serves the southern end of Horry County with a 24 hour emergency department and radiology/laboratory services.

McLeod Loris

3655 Mitchell St., Loris, SC 29569
(843) 716-7000
www.mcleodhealth.org

McLeod Loris offers a wide range of high-quality services, including advanced digital radiology and diagnostic imaging, general, vascular and orthopedic surgery, cardiopulmonary rehabilitation, and 24/7 emergency department with dedicated rooms for gynecology, cardiac, orthopedics and traumas. McLeod Loris is a fully-accredited acute care facility with 105 licensed beds and a medical staff made up of more than 120 active and affiliate physicians.

McLeod Seacoast

4000 Highway 9 East, Little River, SC 29566
(843) 390-8100
www.mcleodhealth.org

McLeod Seacoast, located in the North Myrtle Beach area, is a 50-bed hospital offering a wide range of inpatient and outpatient high-quality services, including advanced digital radiology and diagnostic imaging, general, vascular and orthopedic surgery, cardiopulmonary rehabilitation and 24/7 emergency department with dedicated rooms for gynecology, cardiac, orthopedics and traumas.

Waccamaw Community Hospital

4070 Highway 17 Bypass, Murrells Inlet, SC 29576
(843) 652-1000
www.georgetownhospitalsystem.org

As a part of Georgetown Hospital System, Waccamaw Community Hospital (WCH) is a 167 bed facility offering 24-hour emergency services, obstetrics, inpatient and outpatient surgery, and medical/surgical units. A new surgery pavilion opened its doors to patients in Spring 2013. The 24,000-square-foot facility includes eight operating rooms, 14 recovery beds, 12 outpatient beds and two endoscopy rooms.

Sources: Individual Hospitals and Hospital Websites

EDUCATION

Horry County Schools (HCS) is a county-wide school system serving more thant 282,000 people along the Atlantic coastline of northeastern South Carolina. A 12-member board of education, elected from single-member districts govern the school district, with the chairman being elected at large. The superintendent is appointed by the board.

The district encompasses 51 schools in nine attendance areas: Aynor, Carolina Forest, Conway, Green Sea Floyds, Loris, Myrtle Beach, North Myrtle Beach, Socastee, and St. James. Each area consists of a high school, elementary school and middle school.

RECENT HONORS

Eight schools have been named **National Blue Ribbon Schools of Excellence** by the U.S. Department of Education. Forestbrook Elementary School recieved the prestigious National Blue Ribbon Schools award for the third time, and is the only school in the nation to have multiple wins.

HCS have earned 42 Palmetto Gold and Palmetto Silver awards for having attained high levels of absolute performance, high rates of growth and substancial progress in closing achievement gaps between groups of students.

GROWTH AND DEVELOPMENT

In the last two decades, HCS has invested more than $500 million in new and renovated facilities. Twenty-two new schools have been built, and two new attendance areas have been added.

The HCS is the fastest growing and the 3rd largest overall among South Carolina's 85 school districts. Ninety-eight percent of Horry County schools received Absolute ratings of Excellent, Good or Average and 77% were rated Excellent or Good.

STATISTICS

The HCS is the third largest of the state's 85 school districts and has over 39,000 students.

Number of Schools:

Primary/Elementary Schools	27
Middle Schools	11
High Schools	10
Career Centers/Academies	2
Alternative Schools	1
Charter Schools	4
Total	55

QUICK FACTS

The ethnic distribution is 65% White, 20% Black, 9% Hispanic and 7% other.

Enrollment in the public schools (grades K-12) in 2013 was 39,321.

The attendance rate was 96.2%

There were 2,226 high school graduates in 2013 with 76% attending a two or four year college.

The total number of full-time employees is 5,473, and the total number of classroom teachers is 2,571.

The average annual teacher's salary is $51,624.

The salary range for a teacher with a bachelor's degree is $35,305 to $77,451.

The following shows the educational attainment for people 25 years and older in Horry County for the last two decades:

	1990	2012
Less than Ninth Grade	9.4%	4.7%
High School Diploma	74.3%	86.5%
Bachelor's Degree	16.0%	21.0%

For more information:

Horry County Schools
1605 Horry Street, Conway, SC 29527
Phone: (843) 488-6700 Fax: (843)488-6722
www.horrycountyschools.net

Sources: Horry County Schools

ADULT EDUCATION

Coastal Carolina University P.O. Box 261954 Conway, SC 29528-6054 (843) 448-1481 www.coastal.edu	Coastal Carolina has 9,400 students enrolled, offers baccalaureate degrees in 66 major fields of study, and will offer its first doctoral program in the fall of 2014. The university also offers seven master's degree programs in accountancy, business administration, marine and wetland studies, education and writing.
Horry-Georgetown Technical College P.O. Box 261966 Conway, SC 29528 (843) 347-3186 www.hgtc.edu	Horry-Georgetown Technical College has between 8,000 and 10,000 students enrolled in regular curriculum programs. The comprehensive commuter college has three campuses and offers more than 80 associate degree diplomas and certificate programs.
Webster University 4589 Oleander Drive Myrtle Beach, SC 29577 (843) 497-3677 www.webster.edu/southcarolina	Webster University is an independent, comprehensive, multi-campus, international university with graduate programs at its Myrtle Beach campus. Weeknight and weekend classes are available for the working adult.
Miller-Motte Technical College 2451 Highway 501 East Conway, SC 29526 (843) 591-1100 www.miller-motte.edu	Miller-Motte Technical College is a modern state-of-the-art facility in a closed campus environment. The following is a list of the program offerings: Cosmetology; Esthetics Technology; Massage Therapy; Medical Assisting; Medical Office; Assisting; and Medical Clinical Assistant.
Fortune Academy of Real Estate 951-B Shine Avenue Myrtle Beach, SC 29577 (843) 839-1131 www.fortuneacademy.com	Fortune Academy of Real Estate trains new agents, existing agents and those wishing to become brokers in preparation for the state licensing exam, appraisal, and home inspection. They now offer classes in real estate, home inspection, appraisal, and mortgage lending.
Carolina College of Cosmetology 1600 Elizabeth Street Coastal Center Conway, SC 29526 (843) 248-2413 www.scbeautyschools.com	Carolina College of Cosmetology offers a complete educational program in preparation for state licensing in cosmetology and nail technology. The college also offers continuing education programs for two-year renewals.

HORRY COUNTY

The communities of Aynor, Briarcliffe Acres, Conway, Loris, Myrtle Beach, North Myrtle Beach, Atlantic Beach and Surfside Beach are the incorporated areas in the county of Horry (pronounced O-Ree). Garden City Beach and Little River are in the unincorporated areas of Horry County. The most recent update (U.S. Census 2012) showed Horry County's population at 282,285 for the 1,134 square miles of land area. Although Horry County is the largest county in land area for the state of South Carolina, it accounts for only 4% of the state's population.

Horry County adheres to a council-administrator form of government. There are 11 districts in Horry County and one council member is elected from each district. The council chairman is elected at large.

POLICE DEPARTMENT

The Horry County Police Department was established in 1959 and is charged with the law enforcement duties in the unincorporated areas of the county. The Horry County Police Department has 228 commissioned officers and 18 civilian employees for a total of 246. Approximately 286 equipped police cars are available to serve all of the unincorporated areas in Horry County. The county has a take-home vehicle policy for all commissioned officers, which provides additional police presence in the county.

FIRE RESCUE DEPARTMENT

The Horry County Fire Rescue Department was officially formed in July 2001 when Horry County leaders decided to merge existing Fire and Emergency Medical Services into one new department. This consolidation was an effort to enhance both fire and pre-hospital medical services in a more cost-effective manner. The Horry County Fire Rescue Department is staffed by 319 paid firefighter/EMTs and firefighter/paramedics, with 183 volunteers in 39 fire stations to serve all of the unincorporated areas in Horry County.

Horry County Fire Rescue is the primary pre-hospital care provider for all areas of the county. Emergency assistance can be obtained by dialing 911.

GOVERNMENT

Number of council members, including the chairman	12
Length of term (in years)	4
Number of career firefighters	319
Number of volunteer firefighters	183
Number of full-time county police officers	228
Number of equipped police cars	286

For more information:

Lisa H. Bourcier
Horry County Public Information Officer
1301 Second Avenue
P.O. Box 1236
Conway, SC 29526
Phone: (843) 915-5390
Fax: (843) 915-6390
www.horrycounty.org

Source: Horry County Public Information Office

TOWN OF SURFSIDE BEACH

Incorporated in 1964, the Town of Surfside Beach is located between Garden City and Myrtle Beach and offers a small-town, laid-back, child-friendly environment for its residents and guests. It is a quiet haven close to all area attractions. The town has approximately 3,800 full-time residents.

GOVERNMENT

Number of council members,
including the mayor 7
Length of term (in years) 4
Number of full-time firefighters....................... 7
Number of volunteer firefighters 26
Number of sworn town police officers 24

The town has emergency medical teams available 24 hours a day with a well-trained staff to serve residents and visitors. Assistance can be accessed by dialing 911.

The Town of Surfside Beach offers enrichment and sports programs through its recreation department and civic center, in addition to its safety, sanitation and other services.

For more information:

Town of Surfside Beach
115 U.S. Highway 17 North
Surfside Beach, SC 29575
Phone: (843) 913-6111
Fax: (843) 238-5432
www.surfsidebeach.org

CITY OF MYRTLE BEACH

The city of Myrtle Beach is located at the center of South Carolina's Grand Strand. Myrtle Beach was incorporated as a town in 1938 and as a city in 1957.

The city adheres to the council-manager form of government. A seven-member city council, which includes the mayor, establishes all laws and policies. Each council member has one vote.

Members are elected at large for staggered, four-year terms. A professional city manager is charged with carrying out city laws and policies and hiring the city staff.

The 200 sworn officers of the Myrtle Beach Police Department and the 150 full-time firefighters in the Myrtle Beach Fire Department provide 24-hour service to city residents, including emergency medical service. Emergency assistance can be accessed by dialing 911.

GOVERNMENT

Number of council members,
including the mayor 7
Length of term (in years) 4
Number of full-time firefighters......................... 150
Number of sworn city police officers. 179

Redevelopment of the downtown area is underway with the Myrtle Beach Downtown Redevelopment Corporation (DRC). The vision calls for creating a contemporary identity and sense of place based on historical attributes and values of the area.

For more information:

City of Myrtle Beach
P.O. Box 2468
Myrtle Beach, SC 29578
Phone: (843) 918-1012
Fax: (843) 918-1028
www.cityofmyrtlebeach.com

Sources: Town of Surfside Beach; City of Myrtle Beach

CITY OF NORTH MYRTLE BEACH

Home of "The Shag," the city of North Myrtle Beach is located along a nine-mile stretch of the Atlantic Ocean coastline in the northeastern section of South Carolina. The city was formed in 1968 when four small beach towns - Cherry Grove, Ocean Drive, Crescent Beach and Windy Hill Beach - consolidated into one community. The city operates under a council-manager form of government and provides its citizens with a variety of municipal services, including police and fire protection, water and sewer, sanitation service and recreational facilities.

The city is governed by a mayor and six council members, with the mayor and two council members elected at-large and four council members selected at-large as residents of the four city wards.

The City Hall, Public Safety, Aquatic & Fitness Center and other city buildings are located just off Highway 17 on Second Avenue South. The city's recreational facilities and community center were recently renovated and are located just off Highway 17 along Possum Trot Road. In early 2014, the city will open a new 167 acre sports and general recreation park west of the Intracoastal Waterway.

With its desirable oceanfront setting, the city is also fast becoming a focal point for those experimenting with alternative wind energy solutions.

For more information:

City Manager
City of North Myrtle Beach
1018 2nd Avenue South
North Myrtle Beach, SC 29582
Phone: (843) 280-5555
Fax: (843) 280-5582
www.nmb.us

GEORGETOWN

The beach communities of Georgetown County make up the southernmost portion of the Grand Strand, beginning with the southern point of Garden City and Murrells Inlet. Georgetown County includes nearly 822 square miles, the eighth largest county in the state. Its population of 60,189 makes up slightly more than 1% of the state's total population.

Georgetown, the county seat, was formerly known as George Town until 1798. The city was named for King George II of England. It is the third oldest city in South Carolina and was laid out in 1729. Located approximately 35 miles south of Myrtle Beach and 60 miles north of Charleston, Georgetown is rich in history. In the early 1800s the area was the rice-producing capital of America. Centuries-old plantation homes are still in use and some have been opened to visitors as tourist attractions. The city not only boasts a historic seaport, but also more than 60 buildings and sites listed on the National Register of Historic Places.

Similar to Horry County, Georgetown County adheres to a council-administrator form of government. There are seven districts in Georgetown County, and one council member is elected from each district. The council chairman is elected at large. The county sheriff is also elected. Elected county officials serve four-year terms.

For more information:

Georgetown County
Chamber of Commerce
531 Front Street
Georgetown, SC 29440
Phone: (843) 546-8436
Fax: (843) 520-4876
www.visitgeorge.com

Sources: City of North Myrtle Beach; Georgetown County Chamber of Commerce

LOCAL COMMUNITIES

CONWAY

The city of Conway is located approximately 15 miles west of Myrtle Beach and was incorporated in 1898. The city operates under a council-administrator form of government and provides its citizens with a variety of municipal services.

The city of Conway Police and Fire Departments provide emergency services throughout the area. Assistance can be accessed by dialing 911.

GOVERNMENT

Number of council members, including the mayor 7
Length of term (in years) 4
Number of full-time police officers 53
Number of full-time and volunteer firemen 45

For more information:

Conway Area Chamber of Commerce
203 Main Street
Conway, SC 29526
Phone: (843) 248-2273
Fax : (843) 248-0003

LORIS

In 1902 the town of Loris was incorporated and became a trading center for the agriculture, lumber and turpentine industries of upper Horry County. The town is located approximately 25 miles northwest of Myrtle Beach.

Loris has a mayor-council form of government and the city administrator runs the day-to-day operations. The town has a police department, volunteer fire department, rescue squad, hospital, extended care center and a fitness center. Horry County provides police protection to the area.

For more information:

Loris Chamber of Commerce
Visitors & Convention Bureau Inc.
4242 Main Street
Loris, SC 29569
Phone: (843) 756-6030 or (866) 664-6030

AYNOR

The town of Aynor is 30 miles west of Myrtle Beach and was incorporated in May 1913. As the town of Aynor began to develop, it inherited the name "The Little Golden Town." Today the town has 669 residents.

GOVERNMENT

Number of council members, including the mayor 5
Length of term for council (in years) 4
mayor 2
Number of full-time police officers 5
Number of part-time police officers 0
Number of equipped police cars 5

The town has emergency medical teams available 24 hours a day with a well-trained staff to serve residents and visitors. Assistance can be accessed by dialing 911.

For more information:

Margaret Duvall
Town of Aynor
600 South Main Street
Aynor, SC 29511

LITTLE RIVER

Little River was the first village established within Horry County. Indian Tribes called the stream Mineola, meaning "little river," and that became its name.

Horry County provides police protection to the area, and the village has a volunteer fire department with emergency medical teams available 24 hours a day.

For more information:

Little River Chamber of Commerce
1180 Highway 17, P.O. Box 400
Little River, SC 29566
Phone:(843) 249-6604
Fax: (843) 249-9788
www.littleriverchamber.org

Sources: Conway Chamber of Commerce; Loris Chamber of Commerce; Town of Aynor; Little River Chamber of Commerce

GRAND STRAND HISTORY

The Myrtle Beach area is rich in culture and tradition. Continuous efforts are made to preserve and commemorate the past through museums, landmarks and tales of bygone days.

- Kings Highway began as an Indian trail long before Europeans settled along the Grand Strand. Later, this trail became the route from the northern states to Charleston and Savannah.

- The area's first inhabitants were the Waccamaw and Winyah Indians, who named the region Chicora, meaning "the land."

- Early attempts by European explorers to settle the Grand Strand were disastrous. Spaniard Lucas Vasques de Allyon founded the first colony in North America here in 1526, but the settlement was ravaged by disease and the inhabitants perished within a year.

- Before the Civil War, plantation owners turned Pawleys Island into one of the first summer resorts on the Atlantic coast. Historic beach cottages and other landmarks still stand.

- Until the 1900s, the beaches of Horry County were virtually uninhabited due to the county's geographical inaccessibility and poor economy.

- Near the turn of the century, the Burroughs & Collins Company, a timber/turpentine firm with extensive beachfront holdings, began developing the resort potential of the Strand. In 1901, the company built the beach's first hotel, the Seaside Inn. At that time, oceanfront lots sold for $25 and buyers received an extra lot if they built a house valued at $500 or more. The beach community was called New Town until the Horry Herald newspaper held a contest to name the area. Mrs. F.G. Burroughs, wife of the founder of Burroughs & Collins, won with the name Myrtle Beach, which she chose for the many wax myrtle trees growing wild along the shore.

- In the 1920s, a group of businessmen began building an upscale resort called Arcady at the north end of the community. Arcady featured the present Pine Lakes International Country Club (home of the Strand's first golf club and birthplace of Sports Illustrated) and the legendary Ocean Forest Hotel.

- In 1936, the Intracoastal Waterway was opened to pleasure boats and commercial shipping. During the 1940s, the Air Force Base was established and used for training and coastal patrols during World War II. The base was closed in 1993. The Myrtle Beach Pavilion was built in 1949, followed closely by the installation of the historic band organ and carousel at that site.

- Myrtle Beach was incorporated in 1938 and became a city in 1957.

- Hurricane Hazel demolished buildings and trees along the Strand in 1954, clearing the way for new hotels and homes. During the rebuilding phase of the 1960s, a golf boom began, with new courses being built each year. The number of golf courses along the Grand Strand now totals around 102.

- The Myrtle Beach Convention Center, which houses the S.C. Hall of Fame, opened in 1970.

- During the '70s, new construction in the area topped $75 million, and the population tripled.

- In the 1970s and '80s, construction of attractions, homes, retail shops and other amenities increased steadily, paving the way for another boom in the early '90s. The Myrtle Beach Metropolitan Statistical Area is the 13th fastest growing area in the nation, according to U.S. Census Bureau statistics released in April 2001. The area grew 36.5 percent over the past decade.

- In October 2006, the Myrtle Beach Pavilion permanently closed after 58 years in business.

- In May 2010, Myrtle Beach completed and opened a 1.2 mile boardwalk and promenade.

- In July 2013, the city of Myrtle Beach celebrated its 75th anniversary.

RESEARCH SOURCES

Chapin Memorial Library
400 14th Ave. North
Myrtle Beach, SC 29577
(843) 918-1275

Coastal Carolina University
Center for Economic and
Community Development
P.O. Box 261954
Conway, SC 29528-6054
(843) 349-2851

Coastal Carolina University
Higher Education
Small Business Development Center
Coastal Carolina University
Wall School of Business
P.O. Box 261954
Conway, SC 29528-6054
(843) 349-4010

CoworkMYR
601 21st. Ave. North
Myrtle Beach, SC 29577
(843) 900-0270

Grand Strand S.C.O.R.E.,
Chapter 318
(Service Corps Of Retired Executives)
605 10th Ave. N.
Myrtle Beach, SC 29577
(843) 918-1079

Georgetown County Economic
Development Commission
716 Prince St.
Georgetown, SC 29440
(843) 545-3161

Horry County Memorial Library
1008 5th Ave.
Conway, SC 29526
(843) 248-1544

Kimbel Library
106 James P Blanton Circle
Conway, SC 29526
(843) 349-2402

Myrtle Beach City Hall
P.O. Box 2468
Myrtle Beach, SC 29578
(843) 918-1000

Myrtle Beach Convention Center
2101 N. Oak St.
Myrtle Beach, SC 29577
(843) 918-1225

Myrtle Beach Golf Holiday
3901 N. Kings Hwy. Ste. 22-B
Myrtle Beach, SC 29577
(843) 477-8833

Myrtle Beach International Airport (MYR)
1100 Jetport Rd.
Myrtle Beach, SC 29577
(843) 448-1580

Myrtle Beach Regional Economic
Development Corp.
2050 Hwy. 501 East, Building 900
Conway, SC 29526
(843) 347-4604 or
(800) 844-4983

S.C. Department of Parks,
Recreation & Tourism
1205 Pendleton St., Ste 103
Columbia, SC 29201
(803) 734-1700

S.C. State Budget and Control Board
Office of Research, Statistics, Health
and Demographics
1200 Senate Street
Columbia, SC 29201
(803) 734-2320

Waccamaw Regional Council
Of Governments
1230 Highmarket St.
Georgetown, SC 29440
(843) 546-8502

NOTES

THE MYRTLE BEACH AREA CHAMBER OF COMMERCE
843.626.7444 • MyrtleBeachAreaChamber.com

visit
MYRTLE BEACH
SOUTH CAROLINA

Total Destination Marketing

The Changing Role of DMOs in the Digital Age

Destination marketing is a proactive, visitor-centered approach to economic and cultural development of a destination, which balances and integrates the interests of visitors, service providers and the community.
Source: Karl Albrecht, DMAI Futures Study 2008.

By Bill Baker
Chief Strategist, Total Destination Marketing

This paper is designed to stimulate discussion regarding the future structure, function and focus of destination marketing organizations.

In recent decades the acronym DMO has been used as the umbrella term for those organizations that are responsible for increasing visitor arrivals to destinations. In the past, a DMO has generally been referred to as a "Destination Marketing Organization".

The term DMO is now undergoing some subtle changes where for an increasing number of places it is being referred to as a "Destination Management Organization". This change more fully embraces the DMO's scope of responsibilities which now must extend far beyond the traditional role of promotion, sales and advertising.

Typically, a DMO may be a Convention & Visitors Bureau (CVB), tourist bureau, visitors bureau, government department, Chamber of Commerce, or tourism office operated by another community entity. According to the most recent research from Destination Marketing Association International (DMAI), 65% of DMOs are independent non-profit entities, 5% of DMOs are chambers of commerce, and another 19% operate as a division of municipal, county, state or provincial government. [1] The appropriateness of one structure over another is entirely determined by the local situation. It is influenced by the size of the community, its political and industry dynamics, destination strengths, target audiences, stakeholder focus, market maturity and funding, all of which may influence the DMO model selected.

The term “Destination Marketing Organization” does not clearly recognize the important and complex range of responsibilities that these organizations are increasingly tasked with. There are very few community-based organizations that have a more challenging and complex role than a DMO. No organization can have responsibility for marketing without also assuming responsibility for product development, service quality, and visitor services.

The Evolution of DMOs

In his book, *Destination Leadership for Boards*, Bill Geist outlines the early evolution of DMOs:

“While the first pure convention & visitors bureau was established in 1896, it wasn’t until the late 20th Century that the CVB phenomenon took hold in North America. Prior to this time, the function of tourism promotion and development generally fell to the Chamber of Commerce. After all, this was the organization charged with community ‘boosterism” and, in that less competitive era …. centered on passing out brochures and maps to visitors who stumbled into the Chamber office.

As we hit the highways and skyways, an ever increasing number of lodging properties sprang up to welcome road and air weary travelers. Within a few years, the concept of levying a room tax on these properties spread across the land. And for the communities with a politically engaged hospitality industry, a portion, if not all of the room taxes were dedicated to attracting even more visitors to the community.

And then came the inevitable split. The Chamber, that had maintained a modest little tourism committee to oversee the distribution of brochures and maps, now often saw these committees armed with bigger budgets than the mothership. And, with a bigger budget committee members started to ask, ‘who needs the Chamber?”

It soon became apparent to competitor communities that the new styles of DMO were more effective with their singular focus on tourism sales and marketing. This in turn motivated many of the remaining Chamber-represented communities to petition their Cities and Counties to spin the destination marketing function away to a new independent tourism-focused organization. Access to the lodging tax revenues was a catalyst for most tourism-focused communities doing this during the 1990’s. There are still a few successful Chamber/ DMO combinations notably in Myrtle Beach SC, Ashville NC and Door County WI. However, they are in the minority.” [2]

The core roles of many DMOs have centered on:

- Marketing the destination to consumer, trade and special interest markets through traditional advertising and marketing activities.
- Providing stakeholders with leads, insights and cost-effective access to markets and distribution channels, e.g. meeting planners, tour operators, travel media, etc.
- Production and distribution of information through websites, brochures, maps, visitor information centers, etc.

The reduced effectiveness of traditional media and changing behavior of visitors has resulted in a migration to digital marketing through websites, mobile apps, social media and other digital tools.

What Has Changed for DMOs

This evolution of DMOs is continuing as they navigate the challenges of the Digital Age, as well as new competitors vying for the DMOs traditional roles, competing for public funds against other agencies, facilitating visitor experiences, requirements for more community involvement, changing consumer behavior, tightening conditions on their operations, and accountability. As destination marketing consultant and author, Alistair Morrison says, "The broad scope of these issues means that a DMO can no longer just be 'sales offices' and 'community megaphones' for their tourism sectors." [3]

Today, forward-thinking DMOs are realizing that their destination, and its products and experiences must be of the highest quality to satisfy today's discerning customers in a highly competitive and rapidly changing environment. Importantly, what the place promises to visitors must be delivered!

The Digital Age has created a hyper-connected world in which traditional and digital media converge and prospective customers are bombarded with a dizzying array of choices, media channels and information. Customers are always online, sometimes multi-screening with devices that interact with each other. It's a world where speed, choice and expectations have morphed and marketing is no longer a one-way dictate by DMOs, but must fit within an environment that demands interaction, transparency, flexibility and relationships.

While the fundamentals of destination branding haven't changed, marketing as we have known it is largely superseded. Savvy DMOs are tapping social and mobile networks, smart phones and tablets, GPS apps, e-commerce and booking engines, Google maps, user-generated-content, kiosks, and the opportunity to economically reach consumers 24/7, and globally. Their websites can now interactively deploy video, text, audio, booking systems, photos and real time comments from customers.

For DMOs the challenge now extends to their capability of orchestrating and influencing encounters so that they are as close as possible to the brand messages at every critical touchpoint. These touchpoints may vary for each customer and may be before, during or after their visit. They may be in the form of a photospot, trail, tradeshow, website, tweet, kiosk, smartphone, map, wayfinding sign or historic interpretation. It may mean collaboration with, and among, totally new partners in business, government and non-profits. Without this renewed focus, DMOs risk becoming irrelevant and obsolete.

The New Rules of Destination Marketing

While there have been many technological innovations, the most profound changes in the Digital Age have been to consumer behavior influencing how we communicate, buy, work, interact, engage, relax, learn, consume and react. All of these have a direct influence on destination brand image, preference and affinity. Whether DMOs choose to play in the digital realm is beyond their choice. User-generated content enables consumers to thoroughly compare options, rate experiences, post images, and make comments to assist others – before they have completed the experience!

It's easy to understand why, in the early days, some tourism offices around the world had the word "propaganda" in their names. Yes, even in some Western countries. However the days of a DMO simply pumping out advertising and brochures to influence consumer preferences are over. For customers, trust has now become key.

Rather than be threatened by these new rules and digital tools, DMOs should embrace them by fostering a city-wide culture of innovation, adaptation and collaboration. To thrive and survive DMOs must learn new skills and be more adaptive in conveying their destination's distinctiveness and benefits across myriad media, platforms and experience touchpoints that destination managers could not have imagined a decade ago. And to achieve this they must be guided less by politics and appeasement, and more by partnership, product development, and true customer focus.

DMOs must orchestrate outstanding destination experiences through seamless integration with government, non-profit and business partners. There can be no gaps between expectations and the reality of the place. Delivering outstanding experiences is more important than ever. A bad experience will spread like wildfire and negatively impact your brand. Without DMO leadership, who will monitor and influence the experiences and expectations?

The Future Role of DMOs

This is the time for DMOs to reinforce their role as leaders within their community by defining their destination's brand, then orchestrate the messages and information content, unify partners, enhance customer experiences and gain a deeper understanding of their customers. Without an empowered DMO with a holistic approach to tourism, the destination branding and marketing efforts will be adhoc and fragmented, and will certainly result in an under-performing visitor economy.

Those DMOs which successfully respond to this new environment will:

- Provide leadership and advocacy for tourism
- Actively lead and manage the destination brand
- Maintain programs that provide opportunities to optimize their product distribution and sales to consumer, trade, meetings and special interest markets
- Establish a sound digital platform that incorporates internet marketing, mobile and social media that can lead marketing and intelligence gathering
- Provide accurate, definitive and relevant content for consumer, trade, media and other information distributers
- Ensure that partners are optimizing their product distribution, digital opportunities and cross-selling
- Align and integrate with other forms of place marketing such as economic development and relocation, cultural and recreation planning
- Collaborate with business, government and non-profits to orchestrate outstanding and competitive tourism products and visitor experiences
- Grow the collective capacity of the destination and its partners to enhance the destinations competitiveness, creativity and collaboration
- Enhance community and stakeholder awareness of the benefits of tourism.

An important new role for DMOs in addition to mastering digital marketing is their involvement in product development. This is the essential process by which new products, services and experiences are introduced and existing ones are improved. Taking an active role in product development will close the gap with competitors and between visitor expectations and the actual destination experience. These actions are essential to the destination's sustainability and are a valuable conduit for increased profitability, job creation and investment. In this era, DMOs must play a cross-community role as orchestrators and trusted partners. Product development initiatives might include:

- Capital investments in hotels, attractors and infrastructure
- Events, festivals, tournaments and exhibitions
- Improvements such as public infrastructure, trails, parks, and boardwalks
- Research, packaging, design and bundling of products, and experiences
- Service and quality improvement programs
- Placemaking in the form of more engaging precincts, streetscapes, gateways, public art, and public

spaces
- Thematic interpretation

Which Path Forward?

"At a time when elected officials are searching for solutions to sluggish growth, unemployment, globalization, and continued economic challenges, an answer lies in travel and tourism. As an indispensable source of American jobs, travel and tourism has served not only as a ticket to opportunity during tough economic times, but with the right support in place, it can lead a path to future prosperity." [4]

Critical to communities capturing their share of this lucrative trade is the way they choose to organize and lead their community to compete. The traditional approach through their DMO is changing and can no longer rely on one-way communications. Which will be the most appropriate approach for your city or region?Those that choose to follow the destination marketing approach with their focus exclusively on marketing are more likely to face the prospect of irrelevance and oblivion as other media, entities and communications fill their operating space. On the other hand, those who adopt a more holistic approach toward destination management are more likely to be successful. They must become orchestrators, engaged in both digital communications and product development through collaboration and networking with government, business partners and consumers.

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[1] 2011 Profile of Destination Marketing Organizations, Destination Management Association International

[2] Destination Leadership for Boards, Bill Geist, Neverland Publishing 2007

[3] Marketing and Managing Tourism Destinations, Alistair Morrison, Routledge 2013

[4] Travel Means Jobs, US Travel Association 2012

Peak Year 1998

All subsequent years below 1998

2008 was 20% below 1998 level

Table 7.1: Hilton Head Island Annual Visitors and Expenditures

YEAR	NUMBER OF ANNUAL VISITORS	ANNUAL EXPENDITURES
1986	950,000	$371,972,000
1987	1,100,000	$410,801,000
1988	1,200,000	$485,000,000
1989	1,400,000	$529,000,000
1990	1,594,000	$577,000,000
1991	1,544,000	$567,000,000
1992	1,651,000	$583,000,000
1993	1,634,000	$603,000,000
1994	1,583,000	$652,000,000
1995	1,640,000	$684,600,000
1996	1,831,000	$987,000,000
1997	2,383,000	$1,400,000,000
1998	2,533,000	$1,500,000,000
1999	2,401,000	$1,501,000,000
2000	2,485,517	$1,563,000,000
2001	2,261,092	$1,455,000,000
2002	2,195,530	$1,475,000,000
2003	2,183,231	$1,485,000,000
2004	2,248,389	$1,500,000,000
2005	2,302,370	$1,550,000,000
2006	2,235,131	$1,546,000,000
2007	2,141,325	$1,585,000,000
2008	2,013,405	$1,532,000,000

Source: Town of Hilton Head Island Comprehensive Annual Financial Report

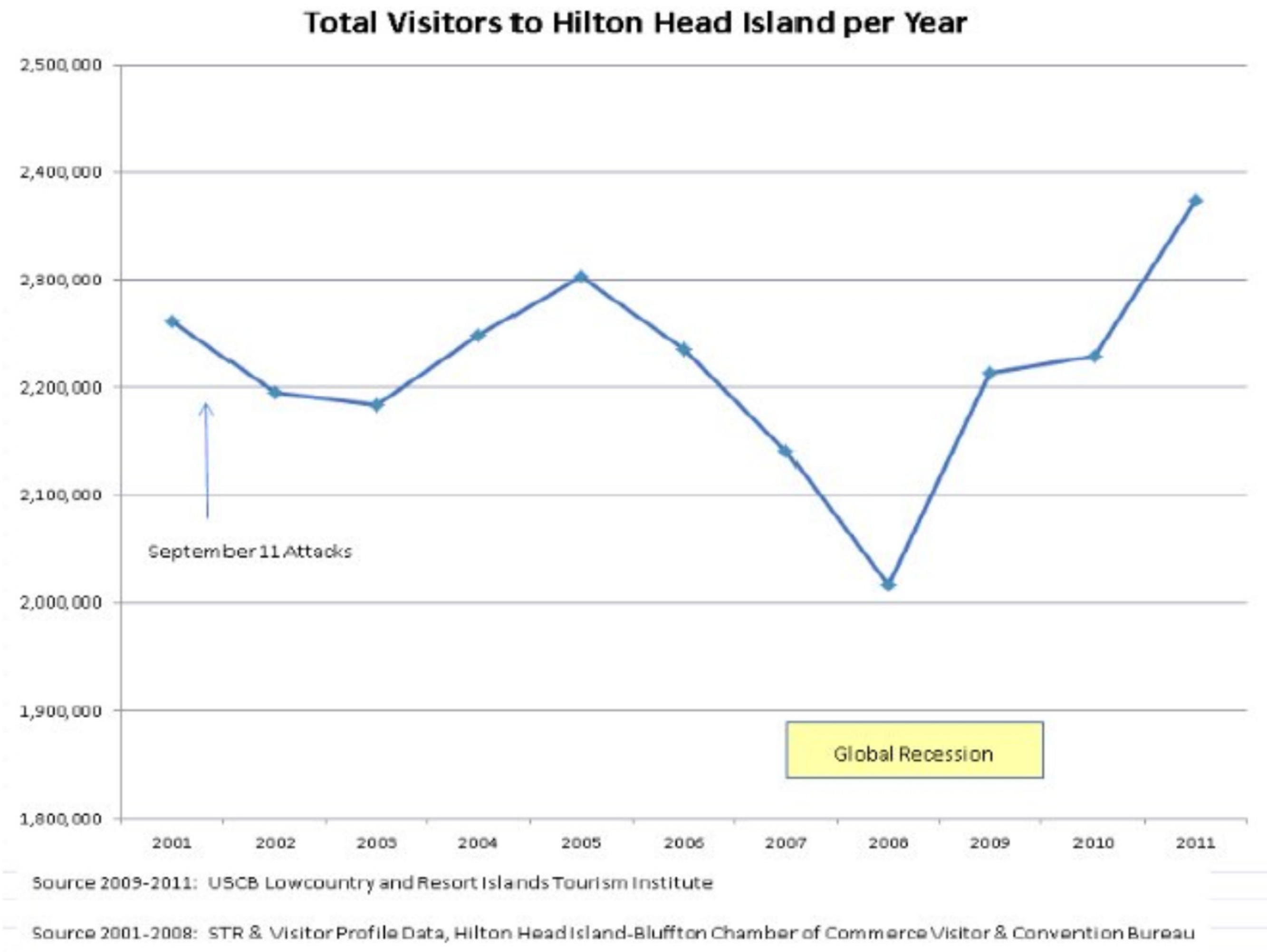
Hilton Head Island Tourism: Since 2011

- Estimated number of visitors
  - 2013: 2.46 million
  - 2012: 2.44 million
  - 2011: 2.37 million
- Lodging occupancy (HHI hotels only)
  - 2013: 57.9%
  - 2012: 56.4%
  - 2011: 54.2%
- Lodging ADR (HHI hotels only)
  - 2013: $147.82
  - 2012: $140.23
  - 2011: $139.60
- Lodging RevPAR (HHI hotels only)
  - 2013: $85.59
  - 2012: $79.04
  - 2011: $78.83

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Visitors	2,533,461	2,391,432	2,485,518	2,261,092	2,195,530	2,183,231	2,250,393	2,302,370	2,235,121	2,141,325	2,016,405	2,214,316	2,228,324	2,373,000	2,441,000	2,468,000

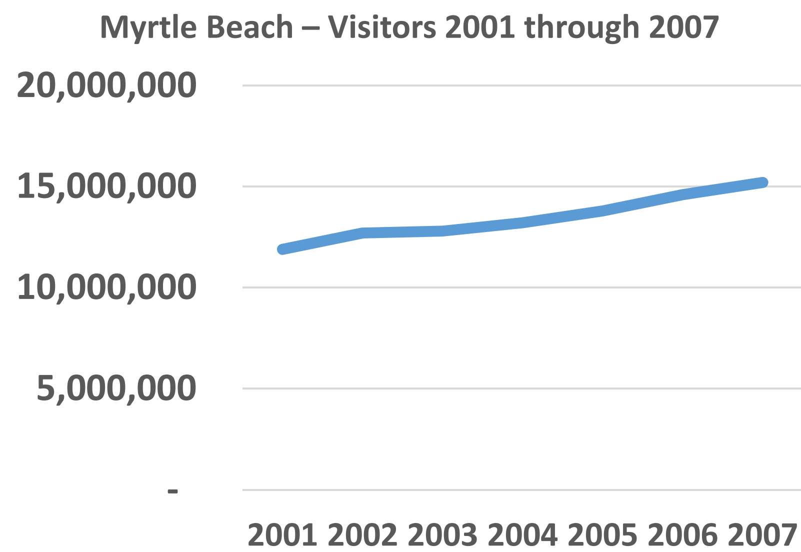
Above are numbers reported by the Hilton Head Island-Bluffton Chamber to some “select” businesses primarily in the lodging and real estate industries.

Similarly, this is the same "wave" that tracks on a macro level with the overall US economy during this same time period, and tracks on a micro level with the "wave" of visitation, lodging metrics, and visitor spending on Hilton Head Island during this same time period.

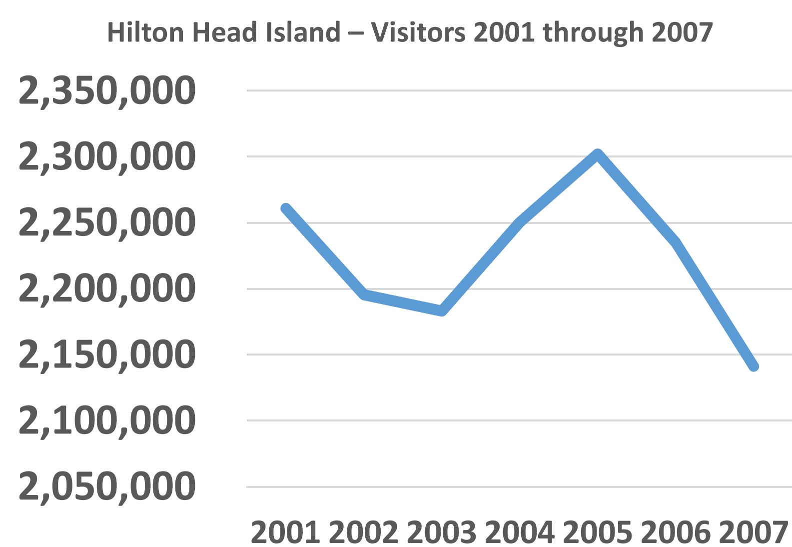


Published in the Chamber's own document.

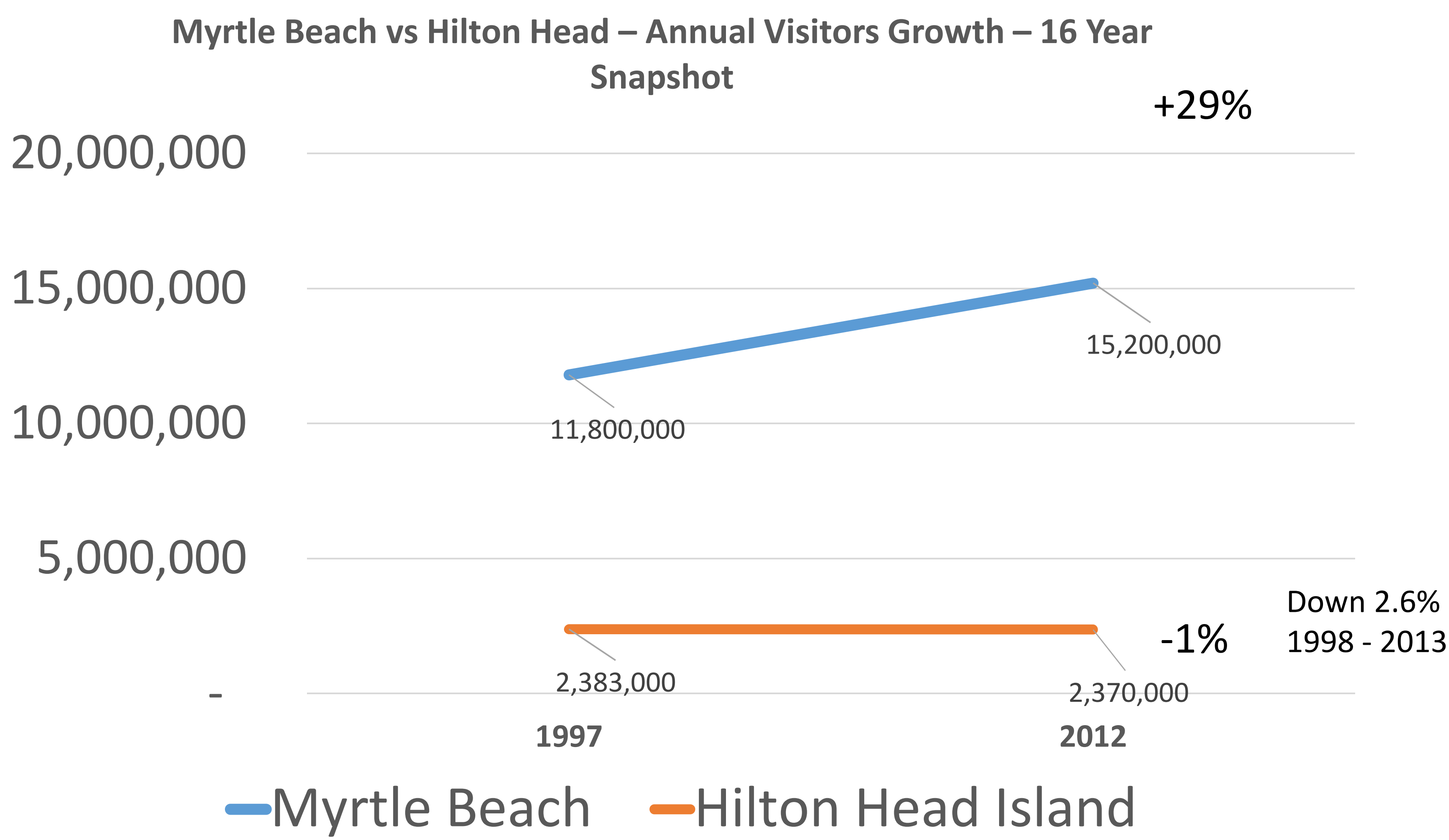
Source of Myrtle Beach visitor numbers is the annual tourism abstract that Myrtle Beach has been publishing annually for the past 24 years.



Compare this graph to HHI-Bluffton Chamber's graph on previous slide.



Compiled by Peter M. Buonaiuto, Sr.
Executive Director – The Hilton Head Visitors and Convention Bureau



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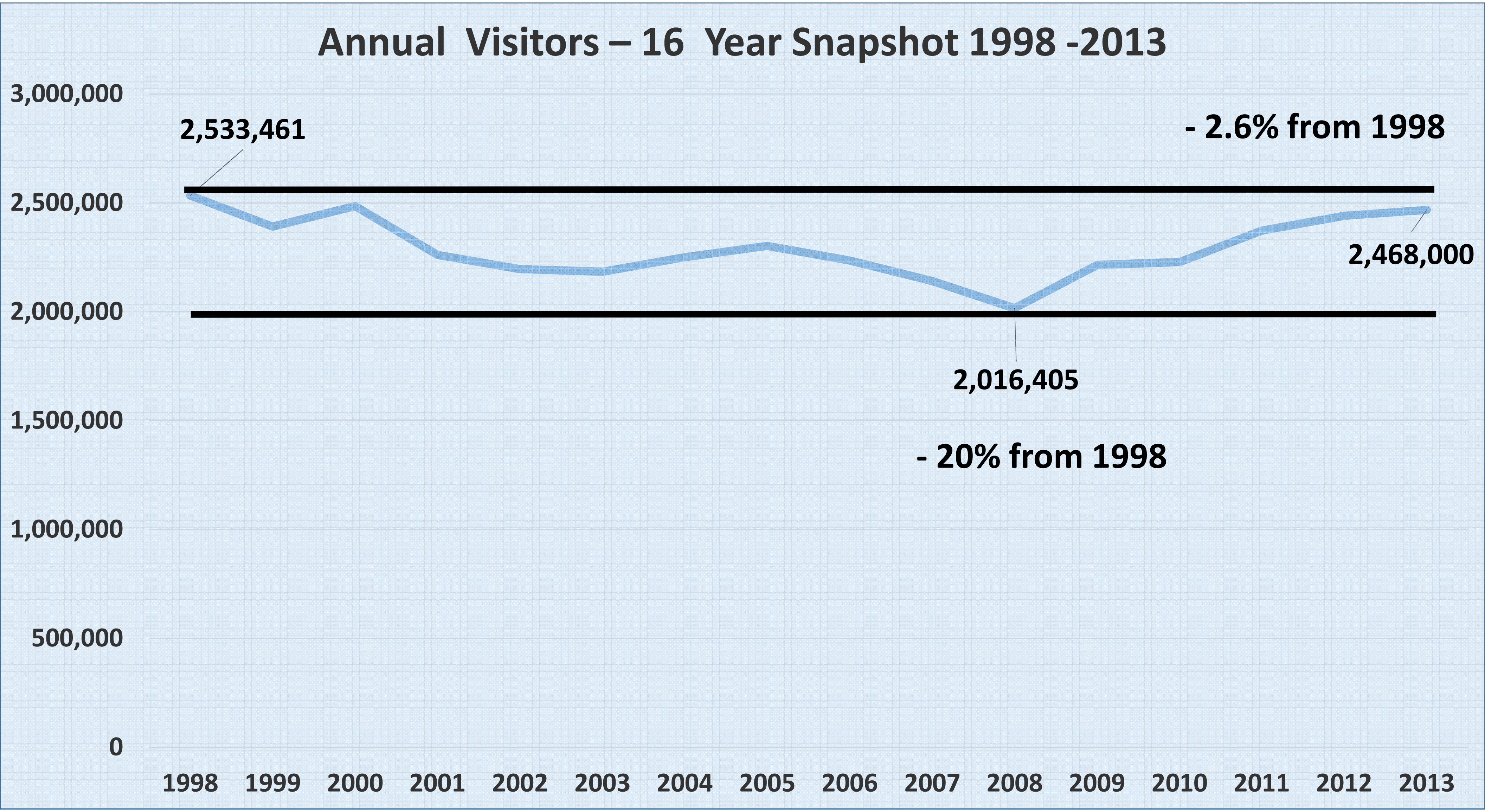
Annual Visitors – 16 Year Snapshot 1998 -2013
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
2,533,461
- 2.6% from 1998
2,468,000
2,016,405
- 20% from 1998
1998
1999
2000
2001
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