

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

Date: February 18, 2014 **Time:** 9:00 a.m.

Members Present: Mike Alsko, *Chairman*; Rob Bender, *Vice-Chairman*; Frank Soule, Trish Heichel, Stewart Brown, Bob Spear

Members Absent: None

Council Present: Kim Likins

Staff Present: Susan Simmons, *Director of Finance*; Bret Martin, *Deputy Director of Finance*; Brian Hulbert, *Staff Attorney*; Erica Madhere, *Finance Assistant*

Others Present: Various representatives from organizations that received ATAX Grants, members of the public

Media: None

1. Call to Order:

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

2. FOIA Compliance:

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

3. Approval of Minutes:

Mrs. Heichel moved to approve the Minutes of November 14, 2013. Mr. Soule seconded the motion. The Motion passed unanimously. (6-0)

4. Special Orders:

Due to the resignation of former Chairman Robert Stenhammer, a special election was held to appoint a new Chairman and Vice-Chairman for the remainder of Fiscal Year 2014. Mrs. Heichel nominated Mr. Mike Alsko for Chairman and Mr. Bender seconded the motion. The motion passed unanimously (6-0). Mrs. Heichel nominated Mr. Rob Bender for Vice-Chairman and Mr. Soule seconded. The motion passed unanimously (6-0).

5. Chairman's Report:

Mr. Alsko stated Calendar Year 2013 was a good year for Accommodations Tax funding. Last time the Committee met, the actual revenue was known for the first three quarters of the Calendar Year, and the revenue was estimated for the fourth quarter. Now, the actual revenue is also known for the fourth quarter, which is approximately \$162,379 more than the estimated revenue. This difference in estimated and actual revenue will be added to the total available for Calendar Year 2015 Grants.

Mr. Alsko also brought up the subject of the regular Accommodations Tax Grant Application and asked the Committee to think about possible revisions that could be made for the Calendar

Year 2015 Grants. He suggested adding a Summary Page so the applicants can quickly state important facts about the organization, including tourist numbers. Many of the Committee members liked this idea, as well, and agreed to think more about it and other revision ideas. The topic will be added to the Agenda for the next meeting on April 3, 2014.

6. Unfinished Business:

a. Discuss best methods of use of remaining “Non-recurring” Accommodations Tax Funds received in Calendar Year 2013.

In November 2013, the Accommodations Tax Advisory Committee (ATAC) decided to focus mainly on recommending the “Recurring” funds for 2014 Grants, and to refrain from recommending use of the majority of the “Non-recurring” funds at that time. Town Council agreed with this recommendation and after the 2014 Grants were awarded, \$478,460 “Non-recurring” funds remained. The ATAC established this Special Meeting to further discuss the potential best uses for this additional funding, with a future recommendation to be sent to Town Council for review.

Mr. Alsko started the discussion by reminding everyone that, according to State Law, the Town has up to two years from the date of receipt to spend the funds. He went on to say he believes that the Return on Investment of the funds is the key metric, as well as measured sustainability after the expense. He would like to consider how to broaden the reach of the funds from one organization to many, and create a long-term benefit for the Island. Mr. Bender and Mrs. Heichel agreed with him, and Mr. Soule added the funds could possibly be used to improve facilities which could attract more tourists to the Island. Mrs. Heichel acknowledged the aging community and added that cleaning up and modernizing certain facilities and the appearance of the Island could be a great long term benefit. Mr. Brown brought up the idea of using the funds for Marketing, especially if there is a specific project, to broaden the reach. He also agreed modernizing hospitality facilities or the involvement in certain capital projects could attract more visitors.

Mr. Alsko agreed all of the ideas that had been mentioned could have long term benefits. He invited the public to comment to bring more perspectives on the issue. Mr. Willis Shay, citizen and former ATAC member, approached the Dias. As a former lawyer, he looks at the law first, which states an application process is required before the ATAC can make a recommendation to the Town.

Ms. Susan Thomas, Senior Vice President of the Visitor and Convention Bureau, approached the Dias next. She shared that the Marketing Council had just met the day before and discussed this topic and that they, like the ATAC, were talking about the potential long-range benefits and strategic focus on how to achieve the desired outcome. She encouraged the Committee to look outside of the box, and to think about how a collaboration among organizations could lead to an effective plan long term. Some issues to look at might be infrastructure or facility related, but no matter the specific issue, marketing is an integral part of the effort.

Ms. Kathi Bateson, CEO of the Arts Center, spoke next about this unique opportunity. She hopes the Committee looks at the Arts in general, but also that the Arts Center Facility, physical amenities, and infrastructure are incredibly important.

Mrs. Heichel thanked the public for their comments. She stated a decision on how to spend the money cannot be made before there is an application process and suggested that an application for non-recurring funds could be added to the regular application process. Mr. Bender

questioned if this should wait until the fall. Mr. Brown liked how the discussion was going, and that the idea of a collaborative effort was great. He wondered if some organizations could get together and present some ideas, plans, or a general scope to the Committee. Mr. Alsko thought this, as a brainstorming session to publically discuss philosophies (not a recommendation meeting), was going well but that they do not know what the needs are at this time. There is a lot of money available but it must be returned exponentially. He would like feedback on the needs of the organizations - from the organizations. Mr. Soule stressed the importance of measurability of the needs/uses. Mr. Brown made note of some key words surrounding this topic: collaborate, infrastructure, clean-up, non-recurring, and measurable.

The Committee's focus then shifted to the process that should be used to be able to get to the point where a recommendation could be made. One option, as mentioned earlier, is to roll it into the traditional application period. Another would be to have two separate applications since there will be two separate focuses based on different elements. The Committee also discussed the time frame for the application process and again wondered if they should wait until fall since there are uses out there now, and if they act sooner then the current Committee members will be able to work on this together. The Committee also discussed the other possibility, which would be to roll the non-recurring funds into the pot for the Calendar Year 2015 grants, which could be a decent option especially if the Committee educates the applicants so that they would not expect the surplus of funds every year.

The Committee heard from Councilwoman, Kim Likins. She is not sure if there is a specific urgency from the Town's perspective, but personally believes sooner is better than later. Her personal opinion is also not to mix the "non-recurring" funds into the Calendar Year 2015 pot.

Brian Hulbert, Staff Attorney for the Town, reminded the Committee that the ATAC needs to make a recommendation to Town Council then Town Council can agree or move in a different direction. He also reminded the Committee that the application and process criteria are established by State Law.

After more discussion, the Committee's consensus was to expedite the process. The plan is, between now and the next meeting on April 3, 2014, to draft a special application for the "Non-recurring" funds that will be open to all organizations that wish to apply. The Committee plans to provide education to the organizations on potential uses, which may be for a one-time project or a special need. At the April 3rd meeting, the Committee will set the date for the special application submittal, as well as other applicable dates and deadlines. The process will be as simple as possible, which will include short presentations made by the applicants to the Committee, and a special meeting for the Committee to review the special applications and decide upon a recommendation to Town Council.

7. New Business:

None

8. Adjournment:

Mrs. Heichel made a motion to adjourn the meeting and Mr. Soule seconded the motion. The motion passed unanimously (6-0) and the meeting was adjourned at 10:40 a.m.

Approved: 4/3/2014

Respectfully submitted:

Mike Alsko, Chairman

Erica Madhere, Secretary