



## **The Town of Hilton Head Island Special Town Council Meeting**

Wednesday, February 2, 2011  
Council Chambers  
6:00 PM

---

- 1. Call to Order**
- 2. Pledge to the Flag**
- 3. Invocation**
- 4. 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.
- 5. New Business**
  - a. Consideration of a recommendation from the Accommodations Tax Advisory Committee**

Consideration of a recommendation from the Accommodations Tax Advisory Committee that the Town Council of the Town of Hilton Head Island award a 2.6% increase to the amount previously approved in 2010 for those Accommodations Tax applicants who requested forward funding for Grant Year 2011
  - b. Consideration of recommendations of the Accommodations Tax Advisory (ATAX) Committee**

Consideration of recommendations of the Accommodations Tax Advisory (ATAX) Committee for the purpose of allocating the proceeds of the Accommodations Tax Funds.
- 6. Adjournment**

**MEMORANDUM**

**TO:** Town Council

**FROM:** Stephen G. Riley, CM, Town Manager

**VIA:** Susan Simmons, Director of Finance

**DATE:** December 21, 2010

**RE: Increasing Amounts of 2011 Forward Funded Grants**

---

**Recommendation:**

The Accommodations Tax Advisory Committee recommends that Town Council award a 2.6% increase to the amount previously approved by Council in 2010 for those Accommodations Tax applicants who requested forward funding for Grant Year 2011.

**Summary**

Through action taken on March 16, 2010, Town Council awarded a grant amount of 82% of their 2009 grants to the Arts Center of Coastal Carolina, Hilton Head Symphony Orchestra and the Town of Hilton Head Island. Those amounts were to be reviewed in the fall of 2010 after the third quarter figures were in from the State. Council also awarded a fixed amount of \$75,000 to the Native Island Business & Community Affairs Association.

**Background**

Using the first through third quarter actual figures from 2010 and the fourth quarter actual figures from 2009, it is estimated that 2010 revenue will decrease approximately 2.4% from last year versus a decrease of 5%, as predicted earlier this year.

The ATAC met on December 8, 2010 and reviewed the matter and developed and approved a recommendation that Council adjust the grants for the Arts Center of Coastal Carolina, Hilton Head Symphony Orchestra and the Town of Hilton Head Island from 82% to 84.6% of their 2009 Grants. See the attached recommendation letter.

**MEMORANDUM**

**TO:** Town Council  
**VIA:** Steve Riley  
**FROM:** Willis O. Shay, Chairman  
Accommodations Tax Advisory Committee  
**DATE:** Dec 16, 2010  
**RE:** Increasing amounts of forward funded grants  
**CC:** Accommodations Tax Advisory Committee

On December 8, 2010, the Accommodation Tax Advisory Committee met to consider an adjustment of the 2011 forward funded grants to recognize 2010 ATAX revenue. From information provided to the committee by Susan Simmons, it appears that using the 2010 first three quarters actual and the fourth quarter estimated, the year will be down only 2.4% from last year instead of the 5% predicted. Therefore, the Committee recommends that Council consider adjusting the grants for the Arts Center of Coastal Carolina, the Hilton Head Symphony Orchestra and the Town of Hilton Head Island from 82% to 84.6% of their 2009 Grants.

Respectfully submitted,

Willis O. Shay, Chairman

**2011 Forward Funded Grants Recommendation**

	Approved by Council 3/16/10*	Recommended Adjustment**
Arts Center of Coastal Carolina	\$ 339,924	\$ 350,703
Hilton Head Symphony Orchestra	\$ 139,400	\$ 143,820
Native Island Business & Comm. Affairs Assoc.***	\$ 75,000	\$ 75,000
Town of Hilton Head Island	\$ 861,000	\$ 888,300
	<u>\$ 1,415,324</u>	<u>\$ 1,457,823</u>
Increase	\$ 42,499	

\*82% of 2009 grant

\*\*84.6% of 2009 grant

\*\*\*Unadjusted by Council



## MEMORANDUM

**TO:** Town Council

**FROM:** Stephen G. Riley, CM, Town Manager

**VIA:** Susan M. Simmons, CPA, Director of Finance

**DATE:** January 25, 2011

**RE:** CY2011 State Accommodations Tax Grant Recommendations

For calendar year 2010, the Town received \$3,509,453 in State Accommodations Tax Revenue. This was a slight decrease of \$78,685 or 2% from 2009 revenues of \$3,586,138.

The grants lapsed in fiscal year 2010 were \$12,426 and investment income for calendar year 2010 was \$1,762 bringing the total available funds to \$3,523,641. After deducting the formula funding that both the Town and Chamber receive, funds available for grant allocation to the forward-funded grants and new grants total \$2,278,373.

### Update on Forward-Funded Grants for 2011

Last year, Council approved forward grants for 2011 but only made a reduced amount available until the Town received three quarters of actual revenues and could re-evaluate available funds. In late 2010, the Accommodations Tax Advisory Committee (ATAC) met and decided to recommend to Town Council that the Arts Center, Symphony and Town grants be increased from 82% of the 2009 grant to 84.6%.

This will increase the forward funding by \$42,499 to a total of \$1,457,823. **ATAC requests that Council approve this increase in the forward funding at its February 2, 2011 meeting.** The base grant amounts became available to grantees at the 82% level on January 1, 2011. If Council approves the increase to 84.6%, the additional \$42,499 will be immediately available.

### New Grants for Calendar Year 2011

Funds available for new grants are \$820,550 (total available less the four forward-funded grants at the 84.6% level). New grants requested for calendar year 2011 totaled \$2,371,142. ATAC's recommendations for new grants per the attached worksheet and chairman's letter total \$811,700.

Based on the projections for 4<sup>th</sup> quarter, ATAC chose to leave \$860 for Town Council to allocate but made allocation recommendations if additional funds became available when the final results were available. The final actual funds available were \$8,850 more than

initially recommended by ATAC. Since this \$8,850 is within the amount determined to be allocated first to the Heritage Foundation, it would be ATAC's desire to increase its recommendation from \$160,000 to \$168,850 for the Heritage Foundation.

**ATAC requests that Council approve the 2011 new grants at its February 2, 2011 meeting.**

**Forward-Funding Grants for Calendar Year 2012**

ATAC determined that the grants forward-approved in one year leave a very limited amount available for the remaining grants in the following year. This was especially true this year with decreased revenues but increased requests from existing grantees and new applicants such as the Heritage Foundation and Mitchelville Project. Both of these new applicants' requests and others were deemed to represent important yet unfunded needs with a wide appeal to the Town and great potential to impact tourism. Therefore, ATAC voted again this year to recommend against forward funding grants with one exception. (ATAC does recommend a forward-funded grant for 2012 for the Native Island Business & Community - Gullah Celebration of \$75,000 because this event occurs near or prior to the Council's award date.)

**ATAC requests that Council at its February 2, 2011 meeting not approve forward-funded grants for expenditure in 2012 (except for the Native Island Business & Community grant).**

## STATE ACCOMMODATIONS TAX REVENUE ANALYSIS

	<b>Calendar Year 2010 Revenues Available for CY2011 Grants</b>
Jan - Mar 2010	186,174.36
Apr - June 2010	1,078,400.50
July - Sept 2010	1,793,945.00
Oct - Dec 2010	450,933.54
Interest	1,761.90
Lapsed Grants	12,426.00
<b>Total CY 2010 Revenues</b>	<b>3,523,641.30</b>
First \$25,000 to the Town's General Fund	(25,000.00)
<b>Subtotal</b>	<b>3,498,641.30</b>
30% to Chamber (Town's Designated Advertising & Promotion Agency)	(1,045,336.02)
5% to the Town's General Fund	(174,932.07)
<b>Available for Grants</b>	<b>2,278,373.22</b>
Forward-Funded Grants Awarded last year to be expended from CY2010 revenues during CY2011	(1,415,324.00)
Proposed amount to be added to Forward-Funded Grants above	(42,499.00) Note 1
<b>Amount Available to Award New CY2011 grants</b>	<b>820,550.22</b>

**Note 1**

At the request of Town Council, ATAC met late in 2010 to determine if the forward-funded grants could be increased. With three quarters of revenue known and a better fourth quarter estimate, ATAC determined it should recommend that the grants to the Arts Center, Symphony, and Town be increased from 82% of the 2009 grant to 84.6%.

If this recommendation is approved by Town Council at its February 2, 2011 meeting, these three forward-funded grants will increase by \$42,499 to a total of \$1,457,823.

**2011 Accommodations Tax Advisory Committee Recommendations**

	Prior Year		Calendar Year 2011 Grants			2011 Forward Funding Request for 2012		
	Town Council Grant Awards		Request	Forward-Approved**	ATAC Recomends	Request for 2012	ATAC Recommendation	
	2009	2010					Note 1	
Art League of Hilton Head	43,700	54,000	68,400	N/A	45,000	N/A	N/A	
Arts Center of Coastal Carolina-(supplemental operating support)	-	-	200,000	N/A	60,000	N/A	N/A	
Arts Center of Coastal Carolina	414,542	352,360	N/A	350,703		414,542	0	350,703 See Note 2
Community Foundation of the Lowcountry - Mitchelville Project	-	-	75,000	N/A	35,000	N/A	N/A	
Harbour Town Merchants Association-(4th of July fireworks)	7,625	8,000	12,500	N/A	8,000	N/A	N/A	
Heritage Classic Foundation	-	-	370,000	N/A	160,000 See Note 2	N/A	N/A	
Hilton Head Audubon Society	-	-	65,000	N/A	3,200 See Note 2	N/A	N/A	
Hilton Head Choral Society	15,810	17,000	24,500	N/A	17,000	N/A	N/A	
Hilton Head Concours d'Elegance (advertising only)	78,920	78,000	100,000	N/A	78,000	N/A	N/A	
Hilton Head Dance Theater	10,230	9,000	39,500	N/A	9,000	N/A	N/A	
Hilton Head Island Airport	-	-	300,000	N/A	withdrawn	N/A	N/A	
Hilton Head Area Hospitality Association (culinary advertising)	-	-	-	N/A	N/A	N/A	N/A	
Hilton Head Island St. Patrick's Day Parade (band & refreshments only)	8,500	8,000	8,000	N/A	8,000	N/A	N/A	
Hilton Head Island St. Patrick's Day Parade (LEO OT)	-	5,000	9,000	N/A	0	N/A	N/A	
Hilton Head Island-Bluffton Chamber of Commerce VCB	297,600	300,000	425,000	N/A	135,000 See Note 2	N/A	N/A	
HHI-B Chamber of Commerce (hospitality training program)	-	-	91,300	N/A	withdrawn	N/A	N/A	
HHI-B Chamber of Commerce (forward-funded)	80,000	68,000	-	N/A	N/A	N/A	N/A	
Hilton Head Symphony Orchestra	170,000	144,500	N/A	143,820		170,000	0	143,820
Hilton Head Symphony Orchestra - Special Request	-	-	100,000	N/A	30,000	N/A	N/A	
Hilton Head Symphony Orchestra - Shell Programs	18,000	15,000	-	N/A	N/A	N/A	N/A	
Keep Beaufort County Beautiful	-	-	4,800	N/A	0	N/A	N/A	
Main Street Youth Theater (\$22,714 suppl. grant 2010)	51,150	47,714	60,000	N/A	30,000	N/A	N/A	
Native Island Business & Community	90,000	76,500	N/A	75,000		100,000	75,000	
SC Lowcountry & Resort Islands Tourism	5,000	4,000	39,500	N/A	0	N/A	N/A	
South Carolina Repertory Company	17,205	15,000	25,000	N/A	0	N/A	N/A	
Shelter Cove Harbour Company-(Harbourfest)	-	-	25,000	N/A	0	N/A	N/A	
Shelter Cove Harbour Company-(4th of July fireworks)	7,625	8,000	18,000	N/A	8,000	N/A	N/A	
Skull Creek July 4th Celebration	7,625	8,000	8,000	N/A	8,000	N/A	N/A	
The Coastal Discovery Museum	162,750	165,000	175,000	N/A	145,000	N/A	N/A	
The Coastal Discovery Museum - Capital	100,000	-	-	N/A	-	N/A	N/A	
The Heritage Library-(Fort Mitchel Civil War Sesquicentennial)	-	-	14,500	N/A	0	N/A	N/A	
The Heritage Library	23,250	15,000	30,000	N/A	0	N/A	N/A	
Island School Council for the Arts	-	-	30,982	N/A	0	N/A	N/A	
The Sandbox	32,550	30,000	52,160	N/A	32,500	N/A	N/A	
Town of Hilton Head Island	1,050,000	892,500	N/A	888,300		1,141,515	0	883,300
Town of Hilton Head Island - Capital	-	-	-	N/A	N/A	N/A	N/A	
<b>Totals</b>	<b>2,692,082</b>	<b>2,320,574</b>	<b>2,371,142</b>	<b>1,457,823</b>	<b>811,700</b>	<b>1,826,057</b>	<b>75,000</b>	<b>1,377,823</b>

**Remaining Balance Available**

\$ **8,850** See Note 2

Total Grant Funds Available for 2011

2,278,373

Already approved for 2011 (forward-approved grants)\*\*

(1,457,823)

Funds available for New 2011 grants

820,550

\*\* Forward-approved grants are funded a year in advance, i.e., four 2011 grants were approved in 2010. Originally, the authorized grants for the Arts Center, the Orchestra and the Town were capped at 82% of the amount granted in 2009. Council determined it would review that percentage late in 2010 when more actual revenues were available. ATAC met in late 2010 and voted to recommend that TC increase the grants to 84.6% of the 2009 grants. Amounts above do reflect the 84.6%. Town Council is scheduled to vote on this increase to 84.6% on February 2.

**NOTE 1:**

ATAC voted to NOT recommend forward funding grants except for Native Island grant as this event is held in February each year. However if Town Council desires to overrule ATAC, the Committee voted to recommend the forward funding amounts noted above in the column titled Note 1.

**NOTE 2: ATAC's Recommendations for Grant Restrictions and Allocation of Remaining Balance Available:**

Arts Center - ATAC urges Town and arts organizations to work together on solution for capital funding of Arts Center - perhaps Town buying it and taking responsibility for facility upkeep.

Audobon - consider internet advertising in association with VCB.

Heritage Foundation - funds should only be requested if there is no major sponsor and the 2011 tournament is a certainty.

Heritage Foundation - if surplus ATAX funds are available from 4th quarter, Council should consider additional funding for Heritage; first \$15,000 should go to Heritage.

Chamber - Reduced funds should be at discretion of VCB but if used for golf, then should only be for HHI golf courses.

Chamber - if surplus ATAX funds are available from 4th quarter, TC should consider additional funding for Chamber; after first \$15,000 surplus to Heritage recommend rest go to Chamber.

Update: When the final revenue were available, the Town has \$8850 more available than what was recommended by ATAC. Per ATAC's recommendations noted above for the Heritage Foundation, it is ATAC's desire that the \$8,850 be added to its \$160,000 recommendation for the Heritage Foundation bringing the total to \$168,850.

THE TOWN OF HILTON HEAD ISLAND  
ACCOMMODATIONS TAX ADVISORY COMMITTEE

TO: The Honorable Drew Laughlin, Mayor,  
The Town of Hilton Head Island

COPIES: Members of The Town of Hilton Head Island Town Council  
Steven Riley, Town Manager

DATE: January 14, 2011

SUBJECT: Committee Recommendations for Award of 2010 and 2011  
ATAX Grants

This year, the challenge to this committee and to Council is to recognize the diminished amount of funds available for distribution and to try to bring reason and fairness to the process of deciding to whom and in what amounts the funds should be granted. In times of economic stress, entities contending for fund shares tend to turn the process into a series of turf battles and, sometimes, resulting in distress to everyone involved. To some extent, that has happened this year, particularly because of several large “new” requests which, if served, will further reduce a diminished pot.

In analyzing the relative worth of the various requests, Council must first look at the state law which controls the treatment of ATAX grant requests. The law identifies four categories of potential recipients who make expenditures for:

1. Advertising and promotion of tourism;
2. Promotion of arts and cultural events;
3. Construction, maintenance and operation of cultural and civic activities’ facilities (for which the Town may issue bonds);
4. Typical town services, such as police and fire protection, and criminal justice system “based on the estimated percentage of costs directly attributed to tourists.”

Under the first category, all requests by qualified non-profit organizations for grants for advertising and promotion of tourism are appropriate for consideration. In the second category, it will be noticed that, while grants to the Town require a tourist connection, grants for arts and cultural events do not have such a requirement. Nonetheless, the committee looks at tourist attraction to or attendance at arts and cultural events, as well as the extent to which the event presenters advertise to attract tourists. It is with these standards in mind that the committee evaluates each grant application. The challenge to the committee comes in applying the relevant standards to a disparate array of data and worth.

Several particular requests this year bring out clearly how Council is challenged to identify the course and direction which Council wishes to pursue in guiding the Town into the future. For the first time, the Heritage Foundation requests \$370,000 for advertising. If granted in full, this would take 45% of the total funds available. The Art Center requests funds for critically needed repairs to its building and the Symphony Orchestra is faced with the expense of

searching for and hiring a new Music Director/conductor for which it has little reserve. Those two requests total \$300,000. All three organizations are in financial distress, largely due to the economic times. While the total of the requests cannot be served, Council is called upon to decide to what extent these organizations are critical to the future health of our Island and entitled to special consideration in this grant year. In time, the revenues generated by these entities should improve as our economic health improves but for now their situations call for special attention. The loss of any one of them would be a severe blow to our Island's image as a desirable place to visit and ultimately to live.

The committee addressed these concerns as best it could, intending to give Council the benefit of the committee's views with respect to these organizations' importance to the vitality of Hilton Head Island. All three requests will be treated separately in the body of this memorandum.

**ART LEAGUE:**

The League is an art institution of long standing on the Island familiar to most of those who live here or frequently visit here. Under the law, it is not required to meet a tourist-driver or tourist-service test. Nonetheless, its data show that it will spend during the grant year on advertising, marketing and promotion over \$38,000. This is in addition to the grant of \$10,000 last year, now transferred to publicize the move from Pineland Station to the Greer Gallery in the Arts Center.

Data also show that attendance at the activities of the League is over 50% tourists collectively at the display-and-sales gallery, the instruction studio at the Kreation Station Academy and at its art lectures.

The committee recommends a grant of \$45,000 for general operating support.

**ARTS CENTER OF COASTAL CAROLINA (SUPPLEMENTAL GRANT REQUEST):**

In addition to its "forward-approved" general operating budget request, the Arts Center requests a grant to address a situation which has been growing worse over the past few years, namely building maintenance and replacement expenses, which have not been included in the forward-funded grants. This situation is made critical because of diminished income over recent times insufficient to address these concerns.

According to a list of items provided to the committee, needed in order of priority are:

Porte-cochere and colonnade canvas replacement	\$ 101,425
Roof repair and replacement	\$ 150,000
Stucco repair and painting	\$ 160,000
Replace air handlers and digital control system	\$ 35,000
Sewer line replacement	\$ 3,500
Total	\$ 449,925

Given the lack of funds this year to fully service such a request but recognizing the imperative of recommending some support for these critical needs, the committee recommends a supplemental grant to the Arts Center, with the observation that Council needs to look at this entire operation to decide whether or not it is vital to the future of Hilton Head Island. In that connection, the committee recommends that the Arts Center people and the Town explore a

solution to the capital funding needs of the Arts Center, perhaps including the Town's assuming ownership of the facility and undertaking its maintenance.

The Arts Center serves a vital need in a community which is proud of the substantial presence of the arts on the Island. The Center's expenditures on promotion and advertising are in excess of the amount of its forward-funding request and this recommended amount. Plus, its service to the tourist component is beyond question.

The Committee recommends a supplemental grant of \$60,000 for use in building repairs and maintenance of the Arts Center facility.

#### **COMMUNITY FOUNDATION OF THE LOWCOUNTRY:**

This application has been filed on behalf of the Mitchelville Preservation Project, a non-profit organization just getting started. Its mission is the restoration and preservation of historic Mitchelville, of which Council is well aware. The request is for \$75,000 as start-up money to address a beginning budget of \$89,000. The requested funds would be for salaries, consultant's fees, rent, office operations, advertising, training, and internet startup.

The organization has already received a start-up assistance grant of \$10,000 from the Community Foundation and a promise of \$27,000 more over three years at the rate of \$9,000 per year if matched (but not by anything obtained on this grant request).

The committee believes that this project is a most worthwhile one and should receive town support. The committee does not believe that a substantial amount of that support should come from ATAX funds but that a lesser grant could meet the organization's needs in getting started along with other funds which it must raise to demonstrate its ability to pursue this project to successful completion, the budget for which is in the range of \$4,200,000.

The committee recommends a grant of \$35,000 to help defray start-up costs incurred by the Mitchelville Preservation Project in relation to the restoration and preservation of Mitchelville.

#### **HARBOUR TOWN FIREWORKS:**

This Fourth of July event--properly considered a cultural one--has been supported by Town ATAX funds for many years. It is also a tourist attraction and service to tourism. The expense of presentation is substantially in excess of the grant requested.

The committee recommends a grant of \$8,000 to support Fourth-of-July fireworks at Harbour Town.

#### **HERITAGE CLASSIC FOUNDATION:**

Due to the absence of a title sponsor or sponsors for the 2011 tournament, the Foundation is seeking funding support from a variety of possible sources, including ATAX. Sports events are not supportable under the law but, of course, advertising is. This request of \$370,000 is to cover the advertising expense of the tournament, not including the CBS TV coverage at a cost of \$3,700,000. During the hearing on the request, the representative was advised that Council would not be acting on requests until the first or second week of February, only two months or so before the tournament. When asked what advertising would be done in that period, the committee was told that the Heritage Foundation would spend approximately \$200,000 on advertising on Hilton Head Island, in Savannah and in Charleston. This would be to stimulate ticket sales during the event.

The committee was in unanimous agreement that it was important for the Town to

continue to signal its support of the tournament but, with the limited funds available and considering the advertising period during which it could spend any grant, the committee was of the view to recommend a grant to roughly cover the advertising period in question.

The committee recommends a grant of \$160,000, *provided* there is the certainty of a 2011 tournament and that it does not have in place a major sponsor. The committee further recommends that, if Council has funds available beyond the estimated amount with which the committee was working, up to the first \$15,000 be added to the \$160,000 amount and the balance, if any, be added to the Chamber-VCB request to be applied as specified in the committee's recommendations regarding that grant request.

#### **AUDUBON SOCIETY:**

This organization seeks support for a number of activities related to birding. They request \$65,000 to do a media package for the 2011 Hilton Head Ecotourism Conference; produce a "Birders' Guide to Hilton Head SC and the Lowcountry"; rack cards to be distributed throughout the Lowcountry and neighboring states; and printing and distributing a Birding Trail brochure. Given the lack of funds to support new projects of this magnitude, the committee believes that support is in order but, for this year, only for rack cards and the brochure, the total cost of which was budgeted at \$3,200.

The committee recommends a grant of \$3,200 for the printing and distribution of rack cards and the brochure.

#### **CHORAL SOCIETY:**

This applicant continues to improve its performance level in both quality and quantity. It has been presenting high-quality choral works for many years on the Island to the delight and entertainment of residents and visitors, attracting over 20% tourist admissions a year.

The committee recommends a grant of \$17,000 for general operating support

#### **CONCOURS d'ELEGANCE:**

This grant request is for advertising support only, to promote an Island event which has attracted nation-wide attention and built extensive area and regional support. Surveys indicate an annual level of from 70% to 80% of tourist participation. It is clearly a success and should be supported.

The committee recommends a grant of \$78,000 for advertising and promotion of the 2011 event.

#### **HILTON HEAD DANCE THEATER:**

This is clearly a qualified arts activity. It involves around 300 young people and hundreds of parents in a wholesome and highly beneficial activity. Survey data show that tourist attendance is in the range of 25% to 30%.

The committee recommends a grant of \$9,000 for general operating purposes.

#### **ISLAND AIRPORT:**

This application was withdrawn by the applicant.

**ST. PATRICK’S DAY PARADE:**

This annual activity continues to be a popular tourist attraction on the Island. It has a cultural component (honoring Saint Patrick) and an arts component (area bands participation) both of which qualify it for ATAX grant treatment. In addition it draws and serves a large tourist audience. At the last parade in 2010, the event attracted an audience estimated by the Sheriff’s office at over 20,000. Survey information showed that over 76% were from off-island and 63% were from beyond.

The committee recommends a grant of \$8,000 for bands’ honoraria and food and beverages for attending band members.

**ST. PATRICK’S DAY PARADE (SHERIFF’S OFFICE’S SERVICES):**

The Parade promoters request a grant to defray the cost of police services during the parade. It is the committee’s belief that, under the ATAX law, non-governmental entities do not qualify for ATAX grants for police services.

The committee recommends no grant to this applicant for police services in connection with the parade.

**CHAMBER OF COMMERCE-VCB:**

This year, the Chamber has applied for a grant of \$425,000, in addition to the 30% it receives under the ATAX law. The request is in six parts:

1. Advertise on-Island and off-Island golf courses	\$200,000
2. Advertise culinary attractions of the Island	\$100,000
3. Eco-tourism/Sustainability Certification	\$ 50,000
4. Promotion of specific festivals and events	\$ 50,000
5. Sweet Tea Getaway Partnership Promotion	\$ 20,000
6. Cycling Promotion	\$ 5,000
Total	\$425,000

In recent years, the Chamber has applied annually for supplemental grants beyond its statutory 30%, to undertake particular programs not covered by its core DMO services. In a true sense, these supplemental programs are optional and seek to address specific areas considered by the Chamber to justify special attention. This grant request is not for funds to “beef-up” the regular marketing program carried out with the 30% appropriation.

**1. Advertising Golf Courses:**

This program contemplated the advertising of all of the for-profit golf courses owned by the Low Country Golf Course Owners Association. The courses consist of 15 ½ on the Island and eight off Island. While advertising golf on Hilton Head Island is a highly desirable project, the committee does not believe that the Town should spend Island-generated ATAX funds to advertise--to any extent--off-Island facilities.

As an aside, it should be noted that, if Council decides to support the Heritage Foundation’s request for advertising support, those funds will be advertising golf on the Island in a very significant and sophisticated way.

**2. Advertising Island Culinary Attractions:**

Unquestionably there are many fine dining experiences on Hilton Head Island worthy of

special mention and patronage. However, the committee believes that this is not the year to undertake such a large and specialized program without adequate ATAX funds to support it. Some parts may be worthy of specific attention but, for now, they should be serviced by the VCB regular budget.

**3. Eco-tourism/Sustainability Certification:**

Efforts of this sort are becoming more popular among many interested groups. To have Hilton Island “certified” as an eco-friendly community, aware of the importance of preserving and fostering its natural and man-made environment, is a worthy goal and should not be ignored. To the committee, in this economic period particularly, it does not seem the time to be embarking on any new program of this sort which involves substantial expense.

**4. Promotion of Specific Festivals and Events:**

The committee has previously expressed its concern about the need on the Island for a broader and more complete VCB program of advertising Island events of the sort which encourage visitors and serve them when they are here. This program contemplates the selection for special attention of certain events which, by the VCB’s standards, stand to attract tourist attention. The program does not include all Island events; and in fact does not include the Art League, the Symphony Orchestra nor the Choral Society.

The committee believes that the VCB as the Town’s designated marketing organization should appropriately be concerned about the presence and quality of all Island attractions of interest to Islanders and visitors, and the committee encourages the VCB to institute and implement marketing programs which apprise one and all of what’s happening on Hilton Head Island—this week—and all year long.

**5. Sweet Tea Getaway Partnership Promotion**

This is a co-op program involving our VCB with the Savannah , Charleston and Amelia Island CVBs promoting the area to the Atlantic drive-in market. This seems to be a desirable program but may be down the list in importance compared to other proposed ones, given the press for funds to support these types of efforts this year.

**6. Cycling Promotion:**

This is a program to promote the Island as a bicycling destination. It seems meritorious and, in a time of ample funds, it should receive support. In the view of the committee, it should not have top priority.

Considering all of these programs, it is the recommendation of the committee that Council approve a grant of \$135,000 to the VCB to be used among the six programs as the VCB deems most appropriate, with the provision that, if any funds are spent to promote golfing, promotion be limited to courses on Hilton Head Island.

**CHAMBER OF COMMERCE (HOSPITALITY TRAINING PROGRAM):**

This application was withdrawn by the applicant.

**HILTON HEAD SYMPHONY ORCHESTRA (SUPPLEMENTAL GRANT REQUEST):**

One of the principal arts organizations on the Island, attracting international attention

through its International Piano Competition and its quality of concert offerings, has experienced the same economic distress which most arts organizations are going through right now.

Determined to address the erosion in attendance, contributions and business support, the Orchestra has embarked on a program of renewal and revitalization. Attendance in the last few years has been dropping off, not due entirely to the economic times, but in part at least to a lack of freshness and more current appeal. One major—and as it turned out, controversial—step taken was the decision not to renew the present music director/conductor’s contract and to seek artistic guidance from a younger, more community-sensitive person. In that connection, the Orchestra has received 201 applications from all over the world, a testament to the reputation which the Island is acquiring as an arts Mecca. Contributing substantially to this notoriety is the Orchestra’s International Piano Competition, which receives favorable notice from all parts of the world. Applicants include the Assistant Director of the Boston Symphony and the Music Director/conductor of the Cincinnati Pops Orchestra. The latter applicant has expressed extreme interest in the position. The Orchestra’s executive director was confident that it will be able to obtain a highly qualified and nationally known director who would serve the interests not only of the Orchestra but also the Island’s interest in being known as a world-class center for the arts.

With respect to attracting the attention of potential visitors to the Island, the Orchestra spends over \$145,000 a year on advertising and marketing, and attracts a visitor component of approximately 35% to its events, the International Piano Competition alone attracting 4000 patrons, of which over 45% are tourists.

This applicant seeks a grant to defray the expenses associated with the search for a new director, estimated to total around \$63,000; and for help in replenishing its reserve account which has been substantially depleted by recent years’ deficits.

The committee recommends that this applicant be awarded a grant of \$30,000 to help defray the costs in its search for a new Music Director/conductor.

#### **KEEP BEAUFORT COUNTY BEAUTIFUL:**

Two county employees presented this application for funds to support six kayak teams to be paid \$4,800 to pick up detritus in the waterways around the Island. The same sort of program is conducted north of the Broad.

Much the same thing is already being done by volunteer Island kayakers and there would be many more if there were a demonstrated need.

The committee recommends that there be no funding of this request.

#### **MAIN STREET YOUTH THEATER:**

This arts organization provides an opportunity for over 200 young people to receive training in the theatrical arts and arts production, and to perform at the Youth Theater in a series of fifty production nights featuring young adults. This past year, they started performing during the summer in open-air venues, attracting an audience of 600 with a 25% tourist component.

It spends approximately \$20,000 annually in marketing and advertising; and it attracts a tourist response of 25% from beyond the area.

This organization is an excellent example of broad participation in the arts on the Island. It is under good management with a good business plan. It should be encouraged.

The committee recommends a grant of \$30,000.

**SOUTH CAROLINA LOWCOUNTRY & RESORT ISLANDS TOURISM COMMISSION:**

This organization, already substantially funded by accommodations taxes taken from the top of collections before they are remitted back to the collecting counties or municipalities, provides information to travelers on I-95 or through a webpage or social media. This is a valuable service to the area generally but its particular value to Hilton Head Island is questionable.

In the past, a token amount was granted by Council but, for this year at least, it is felt by the committee that no grant should be made.

**SOUTH CAROLINA REPERTORY COMPANY:**

This is an arts program putting on a series of small-scale (repertory-theater) productions of a quality which attracts a broad and highly supportive following. Its “black-box” theater seats 73, generally filled for its productions. By count, the tourist attendance is approximately 25% on a full-house night. This amounts to over 1,100 a season. Their public relations and advertising budget exceeds \$37,000 a year.

A majority of the committee believed that the theater did not produce enough of a benefit to tourism to justify further support. Therefore, the committee recommends that no grant be made to this applicant.

**SHELTER COVE HARBOUR COMPANY (HARBOURFEST)**

This is an application for \$25,000 to help defray expenses associated with the summer-time production of evening entertainment in proximity to the shops in Shelter Cove Harbour. Every Tuesday evening during the summer, a fireworks show is held.

The application specifically seeks reimbursement for law enforcement, crowd control, and facility and street maintenance expenses associated with the summer’s activities attended by roughly 5,000 persons every Tuesday evening, approximately 90% of which are from outside the Hilton Head community area.

The Board resolution authorizing the application stated that it was to be for fireworks.

Inasmuch as this event, primarily a commercial venture, does not otherwise qualify for an ATAX grant, the committee does not believe it appropriate to recommend a grant for the services noted, particularly since such services, if needed, should be provided by the Town from general funds.

Therefore, the committee recommends no grant to this applicant on this application.

**SHELTER COVE FIREWORKS:**

The committee recommends a grant of \$8,000 on this application. This is a cultural event celebrating our Independence; and attracts a substantial crowd of tourists.

**SKULL CREEK FIREWORKS:**

The committee recommends a grant of \$8,000 on this application. This as a cultural event; and attracts a crowd of tourists to a different part of the Island than the other similar Fourth of July events.

**THE COASTAL DISCOVERY MUSEUM:**

This facility continues to render a significant program of services to Islanders and visitors alike. Over the years it has received substantial Town general revenue fund support as well as ATAX funding.

The Museum’s business plan shows a steady history of increased revenue and a resulting diminished need for critical funding support. Historically, it has received ATAX grants in the range of 16% to 20% of its operating budget in addition to capital improvement grants. In comparison, the Arts Center and the Orchestra receive grants averaging around 10% of their expense budgets. While there is no hard-and-fast rule requiring parity in these sorts of grants, it would seem desirable to the committee to seek to reach such a level over time.

Therefore, the committee recommends a grant of \$145,000 to this applicant, being approximately 14.5% of its 2011 expense budget.

**THE HERITAGE LIBRARY:**

This applicant seeks a grant of \$30,000 to support its operations. This is roughly 30% of its 2011 expense budget. Its occupancy expense is over 67% of its budget. The committee does not believe that this organization renders a vital enough service to the community or to tourists to justify a grant this year. Its members enjoy the opportunity to gather, research matters genealogical and discuss topics of mutual interest, but it appears to the committee that this is all much more a service to its members than one to residents or visitors.

**THE HERITAGE LIBRARY (FORT MITCHEL REFURBISHMENT):**

A grant of \$14,500 is sought to go toward the improvement of the appearance of the Fort Mitchel site, the total budget for which is \$20,000.

In the committee’s opinion, this is not the year to make grants of this sort to projects of de minimus value. It is to be noted that the Old Fort Pub, located in proximity to Fort Mitchel, did not offer any financial help to The Heritage Library on this project.

Assuming that next year the Heritage Classic Tournament will not be seeking such a substantial amount of ATAX support, then projects of this sort, like many others, could get more favorable consideration.

The committee recommends no funding for this project.

**ISLAND SCHOOL COUNCIL FOR THE ARTS:**

This applicant requests a grant of \$30,982 to service a budget of \$30,982 for Phase II of a project involving two Walter Palmer 5-foot bronze sculptures to be placed at Coastal Discovery Museum. Several members of

the committee own Palmer bronzes of similar size for which they paid less than half this price. In any event, the committee is of the view that this is not the year to undertake such projects and certainly not if financed entirely with ATAX funds.

The committee recommends that no funds be granted to this project.

**THE SANDBOX:**

This is a unique children’s interactive exhibition museum. It provides an intellectually stimulating atmosphere for children (and attending adults) where they can enjoy exhibitions of

educational value. Participation runs about 65% tourist of a total of over 28,000 admissions per year. They have an advertising budget of almost \$30,000 a year. Their expense budget is over \$227,000 this year.

With our beaches remaining a principal lure to our visitors, especially families, The Sandbox provides a singularly attractive amenity of service to them as well as our own Island children. It is well-managed and maintains its facilities as well as can be expected under the circumstances.

The committee recommends a grant of \$32,000.

#### **FORWARD-FUNDING APPROVALS:**

For some years, Council had given approval to requests of The Arts Center, the Symphony Orchestra, the Gullah Celebration and the Town for approval of a funding level a year prior to the availability of the funds—so-called “forward-funding”. Last year, the committee recommended that such an action should not be followed, but Council decided to continue the practice in recognition of the desire of the applicants to know well in advance of the availability of the funds what the amounts would be. In making its decision, Council conditioned it on considering an adjustment, based on income levels, at a future date. This year, Council will look at that matter during its meeting when it considers this report.

The pending question is forward-approval in the future. This year, the committee again voted to recommend to Council that it not continue to engage in forward-approvals. However, in the expectation that Council would vote to continue such a practice, the committee voted at its special meeting of January 14, 2011, to recommend that Council forward-approve the same figure it approves to be paid from 2010 funds, to be adjusted to the extent that 2011 revenues exceed or are less than 2010 revenues, when the actual 2011 revenues are known.

Respectfully submitted by the Accommodations Tax Advisory Committee

---

Willis O. Shay  
Chairman