

TOWN COUNCIL

STAFF REPORT

Finance & Administration Department



MEETING DATE:	March 12, 2024
PROJECT:	Consideration of Accommodations Tax Advisory Committee Funding Recommendations for Quarter Ending December 31, 2023
PROJECT MANAGER:	Natalie Majorkiewicz, CGFO, Director of Finance & Administration

REQUEST:

Town Staff requests Town Council to consider the Accommodations Tax Advisory Committee's (ATAC) recommendations for grant awards as presented below:

	Requesting Organizations	Requested Amount	Recommended Amount
a.	Hilton Head Island – Bluffton Chamber of Commerce: 2024 Official Bluffton Vacation Planner	\$45,000	\$45,000
b.	Gullah Travelling Theater, Inc.: Gullah Kinfolk Come to Bluffton	26,841	9,750
c.	Old Town Bluffton Merchants Society: 2024 Bluffton as a Destination	28,500	28,500
d.	The Rotary Club of Bluffton: MayFest 2024	15,000	25,000
	Total for the Quarter	\$115,341	\$108,250

BACKGROUND:

In accordance with the grant process, the Accommodations Tax Advisory Committee (ATAC) held a meeting on February 26, 2024 to review the quarterly applications. This was a rescheduled meeting due to the originally scheduled meeting on February 20, 2024 not having a quorum. There were four (4) applications to review and make recommendations of funding to Town Council.

Staff reviewed the FY2025 proposed budget for the Local Accommodations Tax and the proposed use of funds with Act 57 that allows no more than 15% of accommodations tax funds to support workforce housing.

- Transfer Out to General Fund from Local Accommodations Tax Fund:
 - \$204,203
 - Support Police services for festivals and events.
 - Support the Welcome Center opening in January 2023.
- Transfer Out to Capital Improvements Program Fund from Local Accommodations Tax Fund:
 - \$1,204,127

FY 2025 Capital Improvements Program Fund Proposed Budget

				FUNDING SOURCES		% of Budget
Prior #	New #	PROJECT NAME	FY2025 Proposed Budget	Transfer In LATAX	Transfer In SATAX	
Stormwater and Sewer						
00082	S0008	Bridge Street Streetscape	1,137,969	136,272		12.0%
Roads						
00042	R0002	Calhoun Street Streetscape	387,818	190,904		49.2%
00050	R0001	Pathway Pedestrian Safety Improvements	335,463	139,918		41.7%
Facilities						
00067	F0002	Squire Pope Carriage House	595,000	437,033		73.5%
00101	F0004	Sarah Riley Hooks Cottage	1,318,432	300,000		22.8%
Housing						
00087	H0001	Affordable Housing Project	1,478,480	-	149,641	10.1%
		TOTAL	34,244,938	\$ 1,204,127	\$ 149,641	4.0%

- Act 57 of 2023 Development of Workforce Housing:
 - The estimated amount from local accommodations tax is \$235,209 that will support the Neighborhood Assistance Program and the Regional Housing Trust Fund in the General Fund.
 - The estimated amount from state accommodation tax is \$149,641 that is proposed to support the Affordable Housing Project at 1095 May River Road.
 - Expires December 31, 2030.
 - Supports workforce housing development and not intended to be used on “housing costs” such as rent/mortgage, taxes, insurance, and utilities.

The recommended support from state accommodations tax does require Town Council and Planning Commission review and approval. The current timeline for each step is as follows:

- March 12th Town Council Workshop
- April 24th Planning Commission Workshop
- May 22nd Planning Commission
- July 9th Town Council First Reading
- August 13th Town Council Second & Final Reading

Funds Currently Available for Distribution:

When comparing the State Accommodations Tax collections for the quarter ending December 2023 to the same quarter of last year, the revenues are up \$18,786 or approximately 8.2%.

Total estimated State Accommodations Tax funds currently available for distribution are \$297,681 as outlined in the following chart:

State ATAX	
Remaining from Previous Quarters	\$ 131,696
2 nd Quarter Revenue	247,149
First \$25k to General Fund*	N/A
5% to General Fund	(12,357)
30% to DMO	(74,145)
Lapsed Grants	5,338
Total State ATAX Funds Remaining for Distribution	\$ 297,681

* First \$25k taken in 1st Quarter of Fiscal Year and Not Applicable (N/A) to the remaining quarters.

Funds Requested for Distribution:

❑ **The Hilton Head Island-Bluffton Chamber of Commerce is requesting \$45,000 in support of the 2024 Official Bluffton Vacation Planner Project with ATAC recommending \$45,000.**

- The total budget for the project is \$138,000 with approximately 32.6% or \$45,000 being requested.
- Project costs requesting support or for advertising.
- This item was originally in the proposed FY2024 budget that included support as the Town's DMO with 30% from State Accommodation Tax funds and 8% from Local Accommodation Tax funds. The Town did not budget 8% of Local Accommodation Tax funds to the DMO in FY2024.

The committee voted unanimously to recommend a total award of \$45,000 presented in the chart below:

Eligible Tourism-Related Expense Categories (per SC Code of Laws)	Total Budget for Category		Budget Items Recommended for ATAX Funds
Advertising & Promotion of Tourism or Arts and Cultural Events	\$ 138,000		\$ 45,000
Facilities for Civic and Cultural Events	-		
Public Facilities	-		
Municipality and County Services	-	*	
Tourist Transportation	-	*	
Other/Ineligible Project Expenses	-		
Total	\$ 138,000		\$ 45,000

* Reimbursement will be based on the estimated percentage of tourist attendance

❑ **Gullah Traveling Theater, Inc. is requesting \$26,841 to support advertising and promotion of tourism and facilities for cultural events for Gullah Kinfolk Come to Bluffton.**

- ATAC recommended the organization come back and reapply when a schedule is finalized with dates, times, and locations.
- 2024 Schedule of Events include performances at a Book Launch and Gumbo Tasting Event on January 31, 2024, three shows of “Let the Circle Be Unbroken – Celebrating American Independence Gullah-Style” from July 13-14, 2024 and two performances of “Gullah Christmas 2024” which will both be held on December 14, 2024.
- Locations for each set of performances are as follows: January 31 – The Rotary Community Center at Oscar Fraizer Park, July 13-14 at May River Theatre, and December 14 at First Zion Missionary Baptist Church.

The committee voted unanimously to recommend funding the eligible budgeted expenses of \$9,750 presented in the chart below:

Eligible Tourism-Related Expense Categories (per SC Code of Laws)	Total Budget for Category		Budget Items Recommended for ATAX Funds
Advertising & Promotion of Tourism or Arts and Cultural Events	\$ 9,000		\$ 9,000
Facilities for Civic and Cultural Events	750		750
Public Facilities	-		
Municipality and County Services	-	*	
Tourist Transportation	-	*	
Other/Ineligible Project Expenses	48,591		
Total	\$ 58,341		\$ 9,750

* Reimbursement will be based on the estimated percentage of tourist attendance

❑ **Old Town Bluffton Merchants Society requests \$28,500 to support advertising and promotion expenses for the 2024 Bluffton as a Destination project.**

- The total budget for the project is \$46,350 with approximately 61% or \$28,500 being requested.
- The project is designed to focus on Bluffton as a separate entity from Hilton Head Island. Merchants show a marked increase in tourist traffic throughout their stores, restaurants, and galleries.
- Average visitors for the Art Walks show approximately 45-50% are from out of town.

The committee voted unanimously to recommend a total award of \$28,500 presented in the chart below:

Eligible Tourism-Related Expense Categories (per SC Code of Laws)	Total Budget for Category		Budget Items Recommended for ATAX Funds
Advertising & Promotion of Tourism or Arts and Cultural Events	\$ 36,750		\$ 28,500
Facilities for Civic and Cultural Events	-		
Public Facilities	-		
Municipality and County Services	-	*	
Tourist Transportation	-	*	
Other/Ineligible Project Expenses	9,600		
Total	\$ 46,350		\$ 28,500

* Reimbursement will be based on the estimated percentage of tourist attendance

❑ The Rotary Club of Bluffton requests \$15,000 to support advertising and promotion of tourism, facility support, and trolley services for MayFest 2024.

- The total budget for the project is \$52,000 with approximately 29% or \$15,000 being requested.
- Mayfest is a one-day festival held the Saturday of Mother's Day weekend each year from 10 a.m. – 5 p.m. Food, music, craft and artisan vendors line the streets to celebrate the quirky, eclectic, different and unique people and identity of Bluffton.
- Tourists comprised 23% of the 2023 Mayfest Event attendees; zip codes were collected on the shuttles.

The committee made a motion to award \$15,000. The motion failed with a 2-2 vote. Britt motioned that an additional \$10,000 be granted for additional eligible budgeted items for a total award of \$25,000. The motion carried unanimously as presented in the chart below:

Eligible Tourism-Related Expense Categories (per SC Code of Laws)	Total Budget for Category		Budget Items Recommended for ATAX Funds
Advertising & Promotion of Tourism or Arts and Cultural Events	\$15,000		\$ 15,000
Facilities for Civic and Cultural Events	5,000		
Public Facilities	-		
Municipality and County Services	7,000	*	5,000
Tourist Transportation	5,000	*	5,000
Other/Ineligible Project Expenses	20,000		
Total	\$ 52,000		\$ 25,000

* Reimbursement will be based on the estimated percentage of tourist attendance

NEXT STEPS:

Town Staff will notify organizations of award amount and requirements.

SUMMARY:

Below are the applications received for quarter ending December 31, 2023 and ATAC's recommendation for each:

	Requesting Organizations	Requested Amount	Recommended Amount
a.	Hilton Head Island – Bluffton Chamber of Commerce: 2024 Official Bluffton Vacation Planner	\$45,000	\$45,000
b.	Gullah Travelling Theater, Inc.: Gullah Kinfolk Come to Bluffton	26,841	9,750
c.	Old Town Bluffton Merchants Society: 2024 Bluffton as a Destination	28,500	28,500
d.	The Rotary Club of Bluffton: MayFest 2024	15,000	25,000
	Total for the Quarter	\$115,341	\$108,250

ATTACHMENTS:

1. ATAC draft meeting minutes from February 26, 2024 (rescheduled from Feb. 20, 2024)
2. Hilton Head Island-Bluffton Chamber of Commerce: 2024 Official Bluffton Vacation Planner Grant Application
3. Hilton Head Island-Bluffton Chamber of Commerce: 2024 Official Bluffton Vacation Planner ATAC Staff Report
4. Gullah Traveling Theater, Inc.: Gullah Kinfolk Come to Bluffton Grant Application
5. Gullah Traveling Theater, Inc.: Gullah Kinfolk Come to Bluffton ATAC Staff Report
6. Old Town Bluffton Merchants Society: 2024 Bluffton as a Destination Grant Application
7. Old Town Bluffton Merchants Society: 2024 Bluffton as a Destination ATAC Staff Report
8. The Rotary Club of Bluffton: MayFest 2024 Grant Application
9. The Rotary Club of Bluffton: MayFest 2024 ATAC Staff Report
10. ATAC Scoring Table Rating Matrix
11. Previously Funded Grant Listing
12. Recommended Motions