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CITY OF BEAUFORT
1911 BOUNDARY STREET
BEAUFORT MUNICIPAL COMPLEX
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070
CITY COUNCIL WORKSESSION AGENDA
November 17, 2020

STATEMENT OF MEDIA NOTIFICATION

"In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media was duly notified of the time, date, place and agenda of this meeting."

WORKSESSION - Electronic Meeting - 5:00 PM

Please note, this meeting will be conducted electronically via Zoom and broadcasted via livestream on Facebook. You can view the meeting live via Facebook at the City's page City Beaufort SC

I. CALL TO ORDER

A. Billy Keyserling, Mayor

II. DISCUSSION ITEMS

- A. Local Hospitality Tax (1.1%) Appropriation
- B. Horse Carriage Rotation Slot Fee Plan

III. ADJOURN

CITY OF BEAUFORT - INTERNAL MEMORANDUM

TO: WILLIAM PROKOP
FROM: KATHY TODD, REECE BERTHOLF & LINDA ROPER
SUBJECT: 1.1% LOCAL HOSPITALITY FUND RECOMMENDATION
DATE: 11/13/2020
CC: FILE

Background

City of Beaufort Ordinance 7-13003 (2) stipulates that:

One and one-tenth (1.1) percent shall be available through appropriation, for advertising to increase tourism and revitalization of the downtown economy. The allocation will be awarded by the Beaufort City Council through the annual budget process, based on budget presentation of certain non-profit organizations invited by city council to present. The presentation to the city council will be conducted during the normal budget period. An allocation of these funds shall be based on the objectives that best achieve city council goals and purposes.

The FY 2021 budget adopted \$21,384 to be allocated in accordance with the Ordinance above.

Staff, under the direction of the City Manager, developed a standard procedure to solicit interest from local non-profit groups as well as review submitted proposals for concurrence to the ordinance requirements and make recommendations to the City Council.

The FY 2021 solicitation was published in the local newspaper on September 14th as well as posted on the City's website.

The City received two (2) proposals by the submission date of September 28, 2020. Proposals were received from:

Downtown Beaufort Merchants Association	\$ 8,600
The Beaufort Area Hospitality Association	\$20,100

Staff committee, consisting of Kathy Todd, Reece Bertholf, & Linda Roper reviewed the proposals and found that both proposals met the criteria stipulated in the Ordinance, however the requests totaled \$28,716 more than what was budgeted.

Staff Recommendations

1. The Downtown Merchants Association has been the recipient of the funds for the past couple of years, seeing growth in downtown merchant participation, branding the First Friday event into a successful community gathering, and focusing on other events throughout the year that involves community and merchant participation. They are requesting \$8,600 (29%) out of their \$29,500 budget to continue to grow the downtown economy through their initiatives.

Staff recommends the City Council allocate the \$8,600 that was requested in their proposal to continue building on these events. In addition, staff recommends that the Downtown Merchants Association coordinate and partner with the Beaufort Area Hospitality Association to leverage the funding and maximize the impact on the downtown economy.

2. The Beaufort Area Hospitality Association submitted their proposal requesting \$20,100 (77%) out of their \$26,100 budget. Staff recommends that City Council allocate the balance of the 1.1% funds, totaling \$12,784 to be used primarily for Marketing & Development focused on marketing & advertising, programing & planning, and support costs. In addition, staff recommends that the BAHA collaborate and partner with the Downtown Merchants Association to leverage the funding and maximize the impact on the downtown economy.



CITY OF BEAUFORT

DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 11/12/2020
FROM: Kathy Todd & Linda Ropers
AGENDA ITEM
TITLE: Horse Carriage Rotation Slot Fee Plan
MEETING
DATE: 11/17/2020
DEPARTMENT: Finance

BACKGROUND INFORMATION:

During the City Council meeting on September 22, 2020, City Council asked staff to develop a plan to address the Carriage companies request for further financial considerations. The plan was to be developed in coordination and input by the Horse Carriage company owners. Staff researched the history of the Carriage company rotation slot fee ordinance and held meetings with the owners of Southurn Rose and Sea Island Carriage Company met on October 29, 2020 and November 10, 2020

PLACED ON AGENDA FOR: Discussion

REMARKS:

ATTACHMENTS:

Description	Type	Upload Date
Draft Plan on Rotation Slot Fee	Cover Memo	11/12/2020

DRAFT PLAN FOR HORSE CARRIAGE ROTATION FEE

CURRENT CARRIAGE ROTATION SLOTS PER BIDS

- I. 5 Year rotation slot beginning January 1, 2017 through December 31, 2021
 - a. Sealed bids received by and open publicly on October 3, 2016
 - i. Southurn Rose – bid \$22,556 annually, to be paid in quarterly installments on January 1, April 1, July 1 and October 1.
 - ii. Sea Island Carriage Company – bid \$21,713 annually, to be paid in quarterly installments on January 1, April 1, July 1 and October 1.
- II. Business Licenses are paid annually by both companies. Average business license is between \$350 and \$500 depending upon gross revenues reported.
- III. Each company pays a permit fee for each carriage used to provide tours. The permit fee is \$25 annually for each carriage.
- IV. Each company pays a Tour Driver Permit fee for each tour driver. The Tour Driver fee is \$30 every 3 years for each driver.

CY 2020 IMPACT from COVID 19

- I. SouthurnRose paid their rotation fee in January 2020 for the January through March time period. They were billed \$11,278 (\$5,639 per quarter) representing 2 quarterly slot rotation fee payments for April through June 2020 and July through September 2020. Neither rotation slot fee has been paid.
 - a. During the May 26, 2020 City Council meeting the April through June 2020 rotation slot fee was waived by City Council. The payment on the July through September 2020 rotation slot fee was deferred without penalty or interest until the end of September 2020.
- II. Sea Island Carriage Company paid their rotation fee in January 2020 for the January through March time period. They were billed \$10,856.50 (\$5,428.25 per quarter) representing 2 quarterly slot rotation fee payments for April through June 2020 and July through September 2020. Neither rotation slot fee has been paid.
 - a. During the May 26, 2020 City Council meeting the April through June 2020 rotation slot fee was waived by City Council. The payment on the July through September 2020 rotation slot fee was deferred without penalty or interest until the end of September 2020.
- III. September 22, 2020 City Council meeting, both Horse Carriage companies requested further financial assistance from City Council.
 - a. Both Horse Carriage companies requested that the July to September slot fee that was previously deferred (May 26th meeting), be waived entirely or reduced significantly. In addition, both requested that the October to December rotation slot fee be waived entirely or reduced significantly.

- b. City Council approved no interest or penalty on the unpaid Rotations fees covering July to September 2020.
- c. City Council approved no interest and penalty on the rotation fees to be billed for the period covering October to December.
- d. City Council requested that prior to making a decision on waiving or reducing the July through September 2020 and the October through December 2020 rotation slot fee that Staff and Horse Carriage company owners meet to develop a plan that will be presented to City Council on November 17, 2020.

PROPOSED PLAN

Period covering July 1, 2020 through December 31, 2020 (remainder of current rotation slot year)

- I. SouthurnRose Horse Carriage Company provides their gross revenues from January 1, 2020 through September 30, 2020 and remits to the City 8.5% of their gross revenues in excess of what has been previously paid for the Calendar Year. This payment will be the rotation fee through September 30, 2020. This payment is due within 10 days.
 - a. 8.5% of gross methodology was determined by dividing the annual rotation slot fee that Southurn Rose bid (\$22,556) by the company's average annual gross revenue over the past five (5) years.
 - b. If the % of gross revenues are less than what was previously paid than no additional rotation slot fees are due through September 30, 2020.
- II. Sea Island Carriage Company provides their gross revenues from January 1, 2020 through September 30, 2020 and remits to the City 8.5% of their gross revenues in excess of what has been previously paid for the Calendar Year. This payment will be the rotation fee through September 30, 2020. This payment is due within 10 days.
 - a. 8.5% of gross methodology was determined by dividing the annual rotation slot fee that Sea Island Carriage bid (\$21,713) by the company's average annual gross revenue over the past five (5) years.
 - b. If the % of gross revenues are less than what was previously paid than no additional rotation slot fees are due through September 30, 2020.
- III. No later than January 31, 2021, both companies provide their gross revenues to the City for the period January 1, 2020 through December 31, 2020. Each company applies the 8.5% of gross against their annual gross revenue and subtracts prior payments made to the City for the calendar year 2020 rotation slot fees. If the result is greater than zero (\$0) payment is required to the City by April 1, 2021.

Period covering January 1, 2021 through December 31, 2021

- I. Rotation slot bids for each Horse Carriage company reduced by 50% and a franchise fee agreement executed.

- a. Southurn Rose rotation slot fee will be reduced from \$22,556 to \$11,278. Quarterly payments of \$2,819.50 are required at the beginning of each quarter: January 1, April 1, July 1 and October 1.
- b. Sea Island Carriage Company rotation slot fee will be reduced from \$21,713 to \$10,856.50. Quarterly payments of \$2,714.13 are required at the beginning of each quarter: January 1, April 1, July 1 and October 1.
- c. Additional slot fees for the period ending June 30 will be calculated as follows:
 - i. The percentage of gross of 8.5% will be applied against the gross revenues from January 1 through June 30, less all previous payments made for the January 2021 slot fee and the April 1 slot fee.
 - ii. If the result is less than or equal to zero (\$0), than no additional slot fee is required. If the result is greater than zero, that balance is the required additional slot fee through June 30, 2021 and due and payable to the City no later than July 30.
- d. Additional slot fees for the period ending December 30 will be calculated as follows:
 - i. The percentage of gross of 8.5% will be applied against the gross revenues from January 1 through December 30, less all previous payments made for the calendar year.
 - ii. If the result is less than or equal to zero (\$0), than no additional slot fee is required. If the result is greater than zero, that balance is the required additional slot fee through December 31 and due and payable to the City no later than April 1, 2022.

Period covering January 1, 2022 through December 31, 2026 (New Rotation Slot Bid term)

- I. In October 2021, the City initiate the Rotation Slot Bid Process.
- II. Minimum bids will be \$15,000 annually and 8.5% of gross revenues.
- III. Companies awarded a rotation slot will be required to remit one half (1/2) of their bid rotation slot fee by January 1 of each year and the balance of the other half by July 1 of each year.
- IV. By July 30, Companies will be required to report gross revenues covering the period January 1 through June 30.
 - a. The percentage of gross that the company bid will be applied to the Gross revenues reported for the first six months of the calendar year, less the previous payments made on the current year's rotation slot fee.
 - b. If the result is less than or equal to zero (\$0), than no additional slot fee is required. If the result is greater than zero, that balance is the required additional slot fee for the same period, and due and payable to the City no later than July 30.
- V. By March 30, Companies will be required to report gross revenues covering the entire calendar year of operations (period January 1 through December 31).
 - a. The percentage of gross that the company bid will be applied to the Gross revenues reported for the full calendar year, less all previous payments made on the current year's rotation slot fee.

- b. If the result is less than or equal to zero (\$0), than no additional slot fee is required. If the result is greater than zero, that balance is the required additional slot fee for the same period, and due and payable to the City no later than April 1.
- VI. Steps III, IV, and V above will continue in the same manner for each subsequent year in the Rotation Slot 5 year term.

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