



Tompkins County
DEPARTMENT OF PLANNING

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TO: Strategic Tourism Planning Board (STPB)
FROM: Tom Knipe, Senior Planner / Tourism Coordinator
DATE: July 8, 2015
RE: **2016 Tourism Program Budget Recommendations**

Action Requested

The purpose of this memo is to describe the recommended 2016 Tompkins County Tourism Program budget. The STPB is asked to vote to recommend the 2016 tourism budget at the July 15th STPB meeting. The Economic Development Committee of the Legislature will vote on the STPB's recommendations at their August 3rd meeting. The County Administrator will then work the tourism budget into the overall 2016 County budget for action by the Legislature this fall.

Link: 2016 tourism budget requests are available through the following page on the County website:
<http://www.tompkinscountyny.gov/tourism/budget/2016requests>

Background – Revenues

Between April and June, the STPB Budget Committee developed preliminary projections of 2015 and 2016 room tax revenues and associated changes in room tax reserves, with input from tourism program administrators and lodging industry experts. 2015 members of the STPB Budget Committee are Christy Agnese (Chair), Stephen Nunley, Sue Perlgut, Sue Stafford, and John Gutenberger. We are modifying the projection of 5% growth for 2015 to 4% and establishing a projection of 6% growth for 2016, using actual 2014 revenues as a base.

2015 and 2016 room tax revenue projections are based on analysis of several sources including actual Tompkins County room tax revenues, local hotel industry data from Smith Travel Research, projected increases in local room supply due to hotel construction, other local conditions, and national industry forecasts by a prominent hotel industry research firm (PKF). Notably, 2016 projections are based on an assumption of increased hotel room supply beginning August 1, 2016 due to the opening of the new Marriott Hotel at the East end of the Ithaca Commons. Detailed calculations of the unallocated reserve balance and revenue projections are available upon request.

Room tax revenues through June are tracking at just under the budgeted projection of 5%. Therefore, sticking with the adjustment for 2015 down to 4% seems prudent. If revenues exceed 4% in 2015, the projected year-end reserve balance would grow a little.

Background - Reserves

The current unallocated reserve balance is just over \$131,000 (from County Finance). This is after meeting the County's 2015 obligation of \$60,000 to TCAD from room tax. Given a reduction in the 2015 room tax revenue projection and 2015 budget adjustments to reallocate unspent 2014 funds in the ACOD and Tourism Capital Grant Programs, the unallocated reserve balance is expected to be at \$97,000 by the end of 2015. The recommended 2016 budget places room tax spending at about \$26,000 more than revenues which will have the effect of reducing reserves to about \$71,000 in 2016, which is 2.8% of revenues. A guiding principal of the STPB Budget Committee has been to maintain a small room tax reserve balance of around 3% to limit the potential for disruption to tourism programs should revenues come in at less than projected.

Budget Request Process

The Tompkins County Tourism Program solicited budget requests from tourism programs and heard presentations from each program at a May 27th meeting at Ithaca College. Program administrators and committee chairs were asked to limit their 2016 requests to a 3% increase from their adopted 2015 room tax allocations. All programs with the exception of Community Celebrations responded to the budget target guidance, and each budget request included:

- Standard budget request form and budget worksheet template.
- Information on how the requested budget will support implementation of the 2020 Strategic Tourism Plan.
- Clear program goals and measures of achievement.

Following budget presentations, the STPB Budget Committee explored several possible budget schemes, weighed opportunities presented by each program and developed preliminary 2016 budget recommendations.

Summary – Preliminary 2016 Tourism Budget Recommendations

- The following programs are funded at requested levels of around or slightly less than 3%: Beautification, Signage and Public Art; Tompkins Festivals Program, Hospitality Workforce Development, Discovery Trail, and Market the Arts.
- The CVB is recommended to be funded at the requested amount minus a small sum of just over \$1,000 which is the amount of an adjustment based on a minor calculation error.
- Several lines are increased slightly above the requested amounts in order to fill needs in those programs: Arts and Culture Organizational Development, Tourism Capital Grants, CAP Operating Assistance, Community Celebrations Grants, Tourism Project Grants, Tourism Marketing and Advertising Grants, and New Tourism Initiative Grants.
- The County Historian stipend and Tourism Partner Award lines are maintained flat, as requested.
- \$165,000 is set aside for Strategic Tourism Implementation (see summary on the next page).
- \$900 in funding for STPB board development (travel, training, etc) is made available again in 2016. These funds will go through the tourism administration budget within the Planning Department.
- Strategic Planning and Staffing – While the 2016 budget maintains the same level of staffing and adds \$1,875 in matching funds for an intern stipend, this line is down 0.5%. This is due to two factors: 1) the fact that for budgeting purposes salaries are held flat for 2015 and 2016 and, 2) slight adjustments in the portion of the function paid for out of the “County 10%” vs. program funds. This line may increase by up to \$2,000 once a new white collar contract is agreed upon. A 75/25 split between program funds and “County 10%” funds to support tourism administration services by the Tompkins County Planning Department is maintained.

- TCAD – The room tax contribution in 2016 is \$125,000 and is shown in the "County" section of the attached room tax budget. It will rise to \$200,000 in 2017 and \$205,000 in 2018.

Strategic Tourism Implementation funds

A special budget line is recommended to be funded again in 2016 for Strategic Tourism Implementation. The guiding concept is to set aside a flexible portion of room tax funds to take advantage of timely and meaningful opportunities to implement the 2020 Strategic Tourism Plan. Three projects were funded in 2013 through this line: the IthacaFork.com Farm to Fork Culinary Tourism Initiative, electronic kiosks for the new Ithaca Commons, and the Tompkins County Wayfinding and Interpretive Signage Plan. \$150,000 is budgeted in 2015 for Strategic Tourism Implementation, which will be made available in fall 2015 for projects that directly implement *Critical Actions* from the 2020 Strategic Tourism Plan or projects coming directly out of related implementation plans (Wayfinding Signage, Agriculinary Tourism, Heritage Tourism). In addition, a portion of these funds will be used to complete a Visitor Profile Study in 2016. Combining funds from 2015 and 2016, a total of \$315,000 will be available in the next year and a half for Strategic Tourism Implementation, with approximately \$60,000 of this total needed for the Visitor Profile Study.

Contact Information

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Sue Perlmut, STPB Chair, scperl@verizon.net

Christy Agnese, STPB Vice-Chair and Budget Committee Chair, cagnese@ithaca.edu

Tompkins County Tourism Program website: <http://www.tompkins-co.org/tourism/>

Attachments:

- Tompkins County Tourism Program Descriptions (one page)
- 2016 Tourism Program Recommended Budget – Detailed (three pages)
- 2016 Tourism Program Recommended Budget – Summary (one page)
- 2001-2014 Room Tax Revenue and Reserve Balance History

Current Programs

The Tompkins County Tourism Program currently funds the following programs.

Product Development (known as the 40%)

- **Beautification, Signage & Public Art** improve way finding signage to direct travelers to key destinations and beautify communities to welcome visitors, especially at gateways.
- **Arts & Culture Organizational Development Grants** strengthen large existing arts and culture organizations with long term financial planning and development tools.
- **Community Celebrations Grants** support observances, commemorations, jubileations, inaugurations, presentations, or other “red letter days” or salutes that have meaning for the community.
- **Workforce Development/TC3 Customer Service** creates a career ladder for entry-level jobs in the tourism industry and provides training to improve the visitors’ experience.
- **Community Arts Partnership – Assistance with CAP Operating Expenses** strengthens the visibility of Tompkins County’s thriving arts community.
- **Festivals Program** provides technical assistance, coordination, and resource sharing for local festivals at a macro level to enhance their effectiveness.
- **Tourism Project Grants** support tourism-generating single projects.
- **County Historian** provides a historical connection to today’s tourism events and projects.
- **Strategic Planning and Staffing** maximizes tourism program effectiveness and reduces volunteer STPB workload on program administration through sustainable staffing, leadership and research.
- **Tourism Capital Grants** expand major visitor-generating facilities, and fund feasibility studies for potential projects.

Marketing (known as the 60%)

- **Convention and Visitors Bureau (CVB)** enhances economic development through promotion of local activities and assets to visitors as well as residents. The CVB is the County’s designated Tourism Promotion Agency.
- **Tourism Marketing and Advertising Grants** help promote events and projects likely to attract visitors in a manner consistent with the CVB’s marketing strategy.
- **Discovery Trail** provides collective marketing for eight local organizations that have a dual mission of education and tourism promotion: PRI- Museum of the Earth, Cornell Lab of Ornithology, Cornell Plantations, Herbert F. Johnson Museum of Art, Cayuga Nature Center, Sciencenter, The History Center, and Tompkins County Public Library.
- **New Tourism Initiative Grants** support significant new tourism generating initiatives that flow from and are consistent with the Strategic Tourism Plan.
- **Market the Arts** collectively markets Tompkins County’s artists and features them on one website to allow them to sell their work; includes but is not limited to the members of the Greater Ithaca Art Trail.
- **Tompkins Tourism Partner Award** recognizes volunteer efforts to attract large groups, meetings or conventions to Tompkins County.

Government Tax Administration

- **County 10% NYS law** permits the County to retain 10% of room tax collections for administration and auditing of room tax funds.

2016 Tompkins County Tourism Program Budget

7/815 STPB Budget Committee Recommendations

PRODUCT DEVELOPMENT

	2012	2013	2014	2015	2015	2015	2016	2016	% change
	<u>Modified Budget</u>	<u>Modified Budget</u>	<u>Modified Budget</u>	<u>Adopted</u>	<u>Adjustments</u>	<u>Modified</u>	<u>Requested</u>	<u>Recommended</u>	<u>2015 adopted to 2016</u>
<u>Function</u>									
Arts and Cultural Organizational Development									
Direct Funding	178,673	198,210	196,755	189,519	7,654	197,173	195,505	200,000	5.5%
Program Management (CAP)	<u>22,100</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>		<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	0.0%
Subtotal	200,773	208,210	208,654	199,519	7,654	207,173	205,505	210,000	5.3%
Beautification, Public Art & Signage									
Direct Funding	121,009	124,398	128,081	123,616		123,616	127,243	127,243	2.9%
Program Management (Chamber)	<u>8,000</u>	<u>8,200</u>	<u>8,495</u>	<u>8,180</u>		<u>8,180</u>	8,200	8,200	0.2%
Subtotal	129,009	132,598	136,576	131,796		131,796	135,443	135,443	2.8%
Tourism Capital Grants									
Direct Funding	175,788	187,950	186,493	179,966	18,976	204,978	189,959	191,000	6.1%
Program Management (TCAD)	<u>19,532</u>	<u>14,832</u>	<u>20,722</u>	<u>19,996</u>		<u>13,960</u>	16,000	16,000	-20.0%
Subtotal	195,320	202,782	209,370	199,962	18,976	218,938	205,959	207,000	3.5%
Community Arts Partnership-Operating Asst.	37,000	38,110	39,250	37,876		37,876	39,012	40,000	5.6%
Community Celebrations	26,600	35,024	32,548	32,548		32,548	34,175	34,200	5.1%
Tourism Project Grants	69,103	76,013	78,300	78,300		78,300	80,700	84,000	7.3%
Festivals	25,000	25,000	25,750	24,849		24,849	25,594	25,594	3.0%
WIB/TC3 Customer Service Program	30,000	30,000	30,000	30,000		30,000	29,818	30,900	3.0%
County Historian	<u>5,000</u>	<u>5,500</u>	<u>5,500</u>	7,500		7,500	7,500	7,500	0.0%
Subtotal	214,458	231,402	211,348	211,073		211,073	216,799	222,194	5.3%
Grand Total-Product Development	739,560	774,992	765,948	742,349		768,979	763,706	774,637	4.3%
% of total	40.8%		40.3%	40.4%		41.3%	40.4%	40.7%	

MARKETING	2012	2013	2014	2015	2015	2015	2016	2016	<i>% change</i>
Function	<u>Modified Budget</u>	<u>Modified Budget</u>	<u>Modified Budget</u>	<u>Adopted</u>	<u>Adjustments</u>	<u>Modified</u>	<u>Requested</u>	<u>Recommended</u>	<i><u>2015 adopted to 2016</u></i>
<i>Convention and Visitors Bureau (CVB)</i>									
CVB Tourism Marketing Operations									
Personnel (salaries and fringe)	436,001	485,203	468,946	485,900		485,900	502,921	502,921	3.5%
Supplies and Materials	65,995	69,075	72,500	63,200		63,200	56,450	56,450	-10.7%
Downtown Visitor Center Rent	<u>11,330</u>	<u>11,670</u>	<u>12,020</u>	<u>14,000</u>		<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	0.0%
Subtotal	513,326	565,948	553,466	563,100		563,100	573,371	573,371	1.8%
Chamber Administration									
Staff	39,563	36,785	39,426	39,340		39,340	41,418	41,418	5.3%
Facilities	<u>87,199</u>	<u>88,843</u>	<u>90,619</u>	<u>86,700</u>		<u>86,700</u>	<u>88,900</u>	<u>88,900</u>	2.5%
Subtotal	126,762	125,628	130,045	126,040		126,040	130,318	130,318	3.4%
Program Costs:									
Marketing	277,250	270,200	366,250	287,950		287,950	300,444	300,444	4.3%
Public Relations	4,350	16,750	3,000	5,200		5,200	5,500	5,500	5.8%
Visitor Services*	11,100	11,500	26,500	30,400		30,400	62,200	62,200	104.6%
Group Sales	<u>38,750</u>	<u>44,250</u>	<u>46,450</u>	<u>50,320</u>		<u>50,320</u>	<u>48,000</u>	<u>48,000</u>	-4.6%
Subtotal	331,450	342,700	442,200	373,870		373,870	416,144	416,144	11.3%
Gross CVB Budget	971,538	1,034,276	1,130,711	1,063,010		1,063,010	1,119,833	1,119,833	5.3%
Less: Program Revenue/Applied Reserves	<u>75,750</u>	<u>120,500</u>	<u>168,211</u>	<u>139,010</u>		<u>139,010</u>	<u>171,011</u>	<u>171,011</u>	23.0%
Subtotal--CVB Allocation	895,788	913,776	957,500	924,000		924,000	948,822	948,822	2.7%
<i>Other Marketing Programs</i>									
Marketing and Advertising Grants	50,699	54,444	52,220	48,000		48,000	49,400	52,000	8.3%
New Tourism Initiative Grants	66,445	73,090	75,300	75,300		75,300	77,500	79,000	4.9%
Discovery Trail	36,270	36,270	37,360	36,055		36,055	37,137	37,137	3.0%
Recognition Awards	3,000	2,000	2,000	1,000		1,000	1,000	1,000	0.0%
Market the Arts	<u>10,000</u>	<u>10,300</u>	<u>10,600</u>	10,200		10,200	<u>10,500</u>	<u>10,500</u>	2.9%
Sub-total Other Marketing	<u>177,914</u>	<u>188,103</u>	<u>177,480</u>	<u>170,555</u>		<u>170,555</u>	<u>175,537</u>	<u>179,637</u>	5.3%
Grand Total--Tourism Marketing	1,073,702	1,101,879	1,134,980	1,094,555		1,094,555	1,124,359	1,128,459	3.1%
% of total	59.2%		59.7%	59.6%		58.7%	59.6%	59.3%	

**COMBINED PRODUCT
DEVELOPMENT & MARKETING**

	2012	2013	2014	2015	2015	2015	2016	2016	% change
	<u>Modified Budget</u>	<u>Modified Budget</u>	<u>Proposed Modified</u>	<u>Adopted</u>	<u>Adjustments</u>	<u>Modified</u>	<u>Requested</u>	<u>Recommend ed</u>	<u>2015 adopted to 2016</u>
County									
Contribution to County for programmatic support and tax administration (County 10%)	203,672	213,855	226,034	237,335		235,407	249,531	249,531	5.1%
STPB Staff/Tourism Coordination**	74,386	77,834	80,169	79,106		79,106	82,974	78,710	-0.5%
Tompkins County Area Development (TCAD)	0	0	150,000	60,000		60,000	125,000	125,000	108.3%
Grant Total-- County	278,058	291,689	456,203	376,441		374,513	457,506	453,241	20.4%
Strategic Tourism Implementation		147,000	0	150,000		150,000	150,000	165,000	10.0%
Product Development and Marketing	1,813,262	1,876,872	1,900,928	1,836,904		1,863,534	1,888,065	1,903,096	3.6%
TOTAL EXPENSES	2,091,320	2,315,561	2,357,131	2,363,346		2,388,048	2,495,571	2,521,337	6.7%
REVENUES AND RESERVES									
Projected Room Tax Revenues	2,036,716	2,152,700	2,260,335	2,373,352	2,354,070	2,354,070	2,495,315	2,495,315	5.1%
Projected Use of Reserves	54,604	162,861	96,796	-10,006		33,977	256	26,022	
Total Budget Available to County and Programs	2,091,320	2,315,561	2,357,131	2,363,346		2,388,048	2,495,571	2,521,337	6.7%
Unallocated Reserve Balance (From County Finance)		Balance 1/1/13			Balance April '15				
Projected Year-End Unallocated Reserve Ba	251,111	156,276	62,863	72,869	131,042	97,065	96,808	71,042	
% of revenues	12.3%	7.3%	2.8%	3.1%		4.1%	3.9%	2.8%	

* 104.6% growth in the CVB's visitor services line from 2015 to 2016 is mostly due to a grant in the amount of \$30,000 from I Love NY for the "Digital Visitor Services" study project.

** 2016 STPB Staff/Tourism Coordination figure assumes flat salaries in 2015 and 2016. This line may increase by up to \$2,000 upon completion of County negotiations with the white collar bargaining unit

2016 Tompkins County Tourism Program Budget - Preliminary Recommendation

Summary--Room Tax Budget, 2011-2016 Recommended

	2011	2012	2013	2014	2015	2015	2016	Change
	<u>Modified</u>	<u>Modified</u>	<u>Modified</u>	<u>Modified</u>	<u>Adopted</u>	<u>Modified</u>	<u>Recommend</u>	<u>2015 Adopted</u> <u>to 2016 Recomm</u>
Expenses								
Product Development	707,886	739,560	774,992	765,948	742,349	768,979	774,637	32,288
Tourism Marketing	1,068,498	1,073,702	1,101,879	1,134,980	1,094,555	1,094,555	1,128,459	33,904
County Allocation/STPB Staffing	<u>224,051</u>	<u>278,058</u>	291,689	306,203	316,441	314,513	328,241	11,800
TCAD			-	150,000	60,000	60,000	125,000	65,000
Strategic Tourism Implementation			<u>147,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>165,000</u>	15,000
Total	2,000,435	2,091,320	2,315,561	2,357,131	2,363,346	2,388,048	2,521,337	157,991
Revenue								
Current Year Collections	1,859,659	2,036,716	2,152,700	2,260,335	2,373,352	2,354,070	2,495,315	121,963
Applied Reserves	<u>140,776</u>	<u>54,604</u>	<u>162,861</u>	<u>96,796</u>	<u>(10,006)</u>	<u>33,977</u>	<u>26,022</u>	36,028
Total	2,000,435	2,091,320	2,315,561	2,357,131	2,363,346	2,388,048	2,521,337	157,991

Tompkins County Hotel Room Occupancy Tax Revenues 2001-2014

Quarter	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Q1	80,227	82,981	125,579	146,117	154,478	166,984	190,237	224,245	185,733	205,629	198,559	249,508	246,795	239,394
Q2	159,057	188,101	269,348	302,502	306,373	357,732	389,309	425,802	411,982	450,117	462,564	515,379	530,995	518,257
Q3	237,120	325,523	402,308	439,543	459,899	532,705	609,916	652,904	613,173	642,496	688,976	712,305	742,300	791,531
Q4	173,243	252,605	321,522	350,683	396,604	434,023	506,389	500,553	482,818	493,815	566,231	558,170	586,547	607,263
TOTAL	649,646	849,209	1,118,757	1,238,845	1,317,354	1,491,443	1,695,852	1,803,504	1,693,706	1,792,057	1,916,329	2,035,361	2,106,637	2,156,446
ADDITIONAL TAX	12,651	1,268	18,028	1,107	28,210	32,791	42,400	-8,616	(22,625)	-8,759	5,102	45,069	42,079	107,084

COLLECTED DURING QUARTER (i.e. NOT FOR CURRENT QUARTER)

TOTAL Revenue	662,297	850,477	1,136,784	1,239,952	1,345,564	1,524,234	1,738,251	1,794,887	1,671,081	1,783,299	1,921,431	2,080,430	2,148,716	2,263,529
Budgeted Revenue	617,850	683,300	1,115,530	1,220,000	1,349,200	1,328,865	1,461,752	1,773,138	1,552,161	1,700,000	1,859,659	2,036,716	2,152,700	2,260,335
Revenue Growth		28.4%	33.7%	9.1%	8.5%	13.3%	14.0%	3.3%	-6.9%	6.7%	7.7%	8.3%	3.3%	5.3%

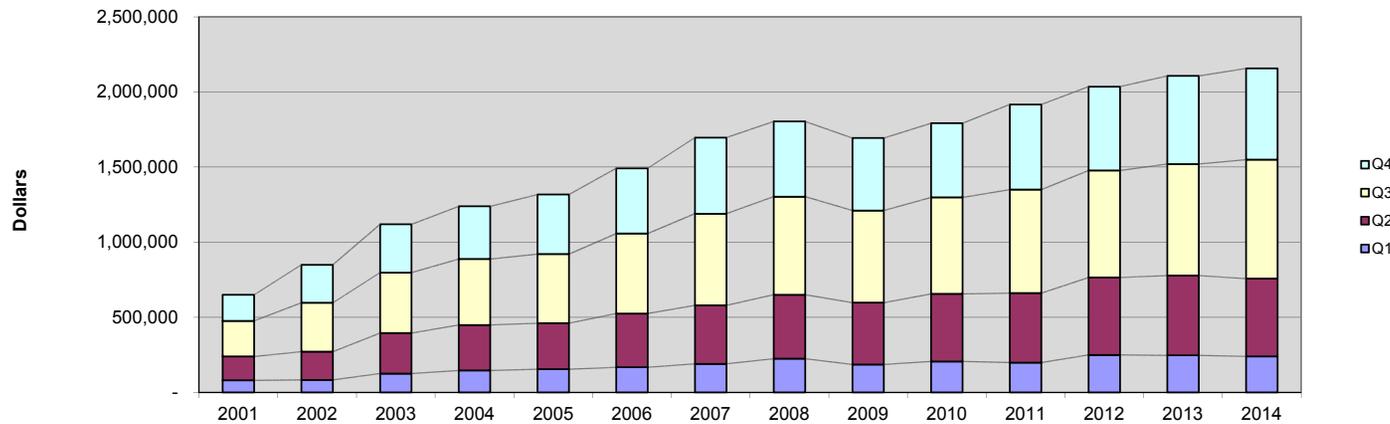
INTO RESERVES (Actual revenue less budgeted revenue; does not include expenditure side)

	44,447	167,177	21,254	19,952	(3,636)	195,369	276,499	21,749	118,920	83,299	61,772	43,714	(3,984)	3,194
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Reserve Balance (Reserve balances from County CFO)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	97,973	275,409	408,360	239,978	389,484	332,253	643,291	434,692	384,202	252,411	186,228	165,892	156,000	45,162

Tompkins County Hotel Room Occupancy Tax By Quarter 2001-2014



Tompkins County Room Tax Reserve Balance History

