

Tompkins County
DEPARTMENT OF PLANNING AND SUSTAINABILITY

121 East Court Street
Ithaca, New York 14850

Katherine Borgella, AICP
Commissioner of Planning and Sustainability

Telephone (607) 274-5560
www.tompkinscountyny.gov/planning

TO: Strategic Tourism Planning Board (STPB)
CC: Housing & Economic Development (HED) Committee
FROM: Nick Helmholdt, AICP, Principal Planner / Tourism Program Director
DATE: May 17, 2021
RE: **2022 Tourism Program Budget Recommendation**

ACTION REQUESTED

The STPB is asked to vote to recommend the 2021 Tourism Program Budget at its June 16 meeting. The recommended budget will be transmitted to County Administration for inclusion in the overall 2022 Tompkins County Budget. The County Legislature reviews the budget in the fall.

BACKGROUND

2022 TOURISM PROGRAM EXPENSE SUMMARY

Product Development Expenses

ACOD Grants	\$266,700
Beautification Program (CCE Tompkins)	\$95,000
Downtown Ambassadors (DIA)	\$36,790
Tourism Capital Grants	\$260,000
CAP General Operating Support	\$43,056
Community Celebration Grants	\$30,000
Tourism Project Grants	\$70,000
Outdoor Recreation Organizational Development Grant	\$50,000
Festivals Program (DIA)	\$28,709
Hospitality Workforce Development (WDB)	\$40,000
County Historian	\$7,500
Public Art Grants (CAP)	\$10,000
Conference Center (4%)	\$96,000
<i>Subtotal</i>	<i>\$1,033,755</i>

Marketing Expenses

Convention & Visitors Bureau	\$1,513,727
Tourism Marketing Grants	\$16,100
Market the Arts (CAP)	\$10,500
<i>Subtotal</i>	<i>\$1,540,327</i>

2022 TOURISM PROGRAM REVENUE SUMMARY

Two sources of revenue are proposed for 2022: hotel room occupancy tax (room tax) and the American Rescue Plan.

Hotel Room Occupancy Tax

The primary source of funding for all elements in the Tourism Program Budget is room tax. All lodging establishments (including hotels, motels, inns, bed and breakfasts, and short term rentals) are required by local law to collect a 5% tax to Tompkins County. The law authorizes the county to use 10% of the room tax collected for administration. The Strategic Tourism Planning Board is charged with preparing annual recommendations on annual room tax revenue and its allocation.

The STPB budget committee prepared a projection of hotel room occupancy tax for 2022. The committee forecasts that \$2,400,000 in room tax will be collected in 2020. Input from tourism program administrators and lodging industry experts was used to inform this forecast.

The 2022 room tax revenue projection is based on analysis of several sources, including local and national hotel performance forecasts, historic Tompkins County room tax revenues, local hotel industry data from Smith Travel Research, local short-term rental data from AllTheRooms.com, data gathered by the Convention and Visitors Bureau, and other local considerations. The room tax forecast assumes the following:

- Hotel occupancy throughout 2022 will be by 20% below 2019 levels.
- Hotel average daily rates (ADR) will be 20% below 2019 rates. Due to pressure to fill vacant rooms, we expect ADR will be in a slow recovery mode throughout 2022.
- The county’s supply of hotel rooms will rebound to late 2019 levels.

While some forecast data indicates that hotel occupancy and ADR in 2022 will come in above these projections the budget committee chose to prepare a more conservative revenue forecast as we the trajectory of recovery in the hospitality sector is still very unclear.

2022 Quarterly Room Tax Targets

The quarterly targets below are intended to help the STPB understand how actual room tax collections compare to projections throughout the year. The targets were developed using historical data on hotel occupancy and room rates.

- Q1: \$286,800
- Q2: \$679,800
- Q3: \$832,100
- Q4: \$601,200

Recent Room Tax Budget and Collection History

The table below illustrates the recent history of room tax budget projections and collection.

	Room Tax Budget Projection	Room Tax Collected
2018	\$2,754,484	\$2,924,581
2019	\$2,935,000	\$2,949,079
2020	\$3,050,760 (adjusted to \$1,852,150)	\$1,239,264
2021	\$1,906,955	To be determined in January 2022

American Rescue Plan

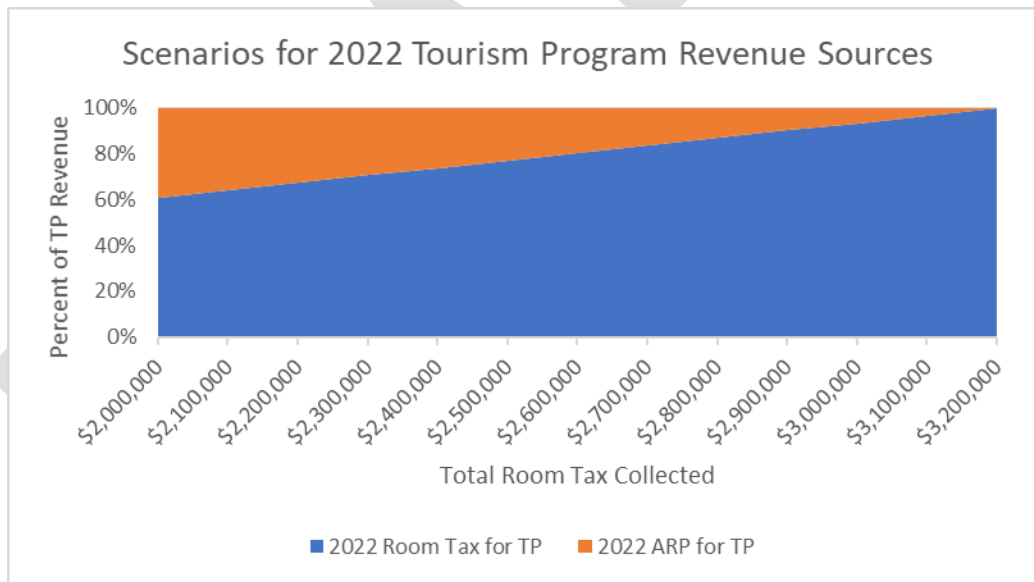
On March 11, 2021, the American Rescue Plan (ARP) Act was signed into law in response to the continuing impact of the Covid-19 pandemic. A provision in this law allocated funding directly to county governments. The law allows counties to use this funding to provide “aid to impacted industries such as tourism, travel, and hospitality.” The County Administrator has proposed that ARP funds be allocated to the Tourism Program in 2022 and 2023 to offset room tax loses as the hospitality sector recovers.

In 2022 the amount of ARP funding for the Tourism Program will be capped using a benchmark set in the original adopted 2020 budget. The original adopted 2020 Tourism Program budget included \$2,489,084 in program expenses. This amount will be referred to as the “benchmark.”

(The following fixed expenses are excluded from the benchmark: the county 10% tax administration fee, strategic planning & staffing, contribution to IAED/TCAD, and contribution to the conference center. The 2022 budget estimates that these expenses will be \$443,371. This amount will be referred to as the “fixed expenses.”)

In 2022, the county will make ARP funds available for Tourism Program expenses to offset potential room tax shortfalls *up to the benchmark amount*. In other words, the ARP funds will be the last dollars to flow into the budget to cover gaps between the room tax collection the benchmark amount. The county expects to allocate up to \$1.06 million in ARP funding to the Tourism Program over the two-year period.

The chart below illustrates how the ARP funding will decrease in the Tourism Program budget given various amounts of room tax.



RESERVES

The STPB policy on budget reserves and surpluses sets a target reserve balance of 5% of the annual projected room tax collection. For 2022, based on the room tax projection of \$2,400,000, the target reserve balance is set to \$120,000. The 2020 year-end unallocated room tax reserve balance was \$0.

2022 Tourism Program Budget

SUMMARY OF FUNDS AVAILABLE FOR 2022 TOURISM PROGRAMS

+ Projected Room Tax Revenue	\$2,400,000
- Deposit to Reserves (5% target)	\$120,000
- County 10% Tax Administration Fee	\$240,000
- Strategic Planning & Staffing	\$106,783
- Conference Center (4% of room tax)	\$96,000
= Projected Room Tax Available for Tourism Program	\$1,837,217
+ American Rescue Plan	\$651,867
= Total Funds Available for Tourism Program	\$2,489,084

2022 TOURISM BUDGET COMMITTEE FINDINGS

STPB bylaws define the responsibility and composition of the budget committee. In 2021 the budget committee was comprised of Josh Friedman (committee chair), Kelli Cartmill (STPB chair), Brett Bossard (STPB vice chair), Wendy Kobler, Arthur Keith, and Greg Mezey. The committee has held five meetings to date.

The outlook for travel and tourism has changed significantly in recent weeks and months. The STPB budget committee has weighed many considerations in its development of the 2022 budget, including:

- The deployment of Covid-19 vaccines
- Changes to domestic and international travel advisories
- Shifts in travel demand from business/academic to leisure
- Plans from Cornell University and Ithaca College for the 2021/22 academic year
- Workforce challenges facing hospitality and restaurants
- Community readiness to host visitors

The committee faced many conflicting priorities for funding in the 2022 budget. With additional revenue from ARP the committee was generally prepared to restore funding to programs and grants at levels approximating the original 2020 budget amounts. The committee identified some potential partnerships and overlaps with potential impacts on the budget. In some cases, the committee has proposed additional funding beyond the amount requested to advance specific activities.

2022 BUDGET REQUESTS

The Tompkins County Tourism Program solicited budget requests from program administrators and heard presentations at budget committee meetings on April 30 and May 6. Program administrators and committee chairs were asked to describe the actual funding needed to implement program goals and provide specific detail on the prioritization of funds. A total of \$2,528,926 was requested from the tourism program.

Program administrators responded to the new guidance and provided clear annual goals, measures of achievement, and information on how the requested budget would support implementation of the *Strategic Tourism Plan: 2021-2027*.

Following budget presentations, the STPB budget committee established priorities (see above), examined alternatives, and developed the proposed budget.

PRODUCT DEVELOPMENT EXPENSES

The following section provides detail regarding product development budget items.

Arts & Cultural Organization Development Grants

The committee recommends allocating funding to the Arts & Cultural Organization Development (ACOD) grant program. Organizations supported by ACOD represent vital assets in our community. Their continued operation is essential to maintaining our status as a cultural destination for visitors. Increased funding to this grant will allow recipient organizations to ramp up programming for the coming year. The committee proposed adding funding beyond the amount requested by CAP.

Beautification (CCE Tompkins)

The Beautification Program, which is administered by Cornell Cooperative Extension of Tompkins County, is a foundational initiative of the tourism program. The committee recommends restoring funding levels to approximately 2020 level. The committee did not support a proposal to expand beautification sites at areas vulnerable to natural hazards or at trail heads. The committee would like to support CCE Tompkins in its effort to secure a permanent greenhouse facility to support this program through an enhanced partnership with Cornell University. Committee members are actively engaged with representatives from the University in discussions on this matter.

Downtown Ambassadors (DIA)

The committee recommends restoring funding for the downtown ambassador programs to approximately the 2020 level. The committee proposes that the restored hospitality ambassador program closely coordinate its efforts with the downtown visitor center operated by the CVB. The committee would like to see cross-training of staff and schedule coordination going forward.

Tourism Capital Grants

The committee recommends restoring funding to the Tourism Capital Grant programs to approximately their 2020 levels. The committee also supports shifting the grant cycle for this program from spring to fall to reduce budget risk going forward. Capital grants represent important investments in the future attractions to draw visitors to Tompkins County.

Community Arts Partnership (CAP) – General Operating Support

As a foundational partner, CAP provides instrumental support to the tourism program and our local arts community. The committee recommends funding to support for the continued operation of CAP through 2022.

Community Celebration Grants

The committee recommends restoring funding to the community celebrations grant to support local events across the county.

Tourism Project Grants

The committee recommends allocating funding to the Tourism Project Grant in 2022. These grants support events and short term projects focused on the attraction of overnight visitors.

Outdoor Recreation Organizational Development Grants

On the recommendation of the Outdoor Recreation Tourism Implementation Plan and Outdoor Recreation Committee, funds are recommended for inclusion in the 2022 budget to support a new grant program. The intent of this program is to raise the county's profile as a leading destination for outdoor recreation and increase the capacity of local organizations to provide quality programming, maintain our assets, and enhance our appeal to visitors.

The Outdoor Recreation Committee will prepare grant guidelines in coordination with the Planning & Evaluation Committee. Draft guidelines that define eligibility, evaluation criteria, and allowed uses of funds will be presented for acceptance by STPB prior to the launch of this program.

Festivals Program (DIA)

Administered by the Downtown Ithaca Alliance, this program supports event organizers throughout the county and represents a foundational initiative of the tourism program. Demands on the program are expected to grow substantially as public health regulations change over the coming months. Funding allocated is intended to allow its continued operation through 2022.

Hospitality Workforce Development (Workforce Development Board)

The committee expressed serious concerns about the workforce situation facing hospitality and restaurants. The committee proposed adding funding beyond the amount requested by Workforce Development Board to address job placement initiatives needed to allow lodging partners expand the availability of hotel rooms. The committee recognizes that many hospitality workforce issues need attention urgently and asks the STPB to consider bringing more attention to this topic within the county.

County Historian

The committee recommends restoring the stipend to the county historian to support continued research, publication and presentations on local history and culture.

Public Art Grants (CAP)

CAP administers the public art grant initiative, which leverages outside funding to commission high impact public art. The committee recommends allocating funding to this program to support the development of public art throughout the county.

MARKETING EXPENSES

The following section provides detail regarding marketing budget items, including those recommended for suspension in 2022.

Convention & Visitors Bureau (CVB)

The committee supports funding to the CVB at a level that will allow for the restoration of multiple staff positions, enhanced marketing efforts, and expanded visitor services operations.

The CVB proposes filling 1.5 marketing positions which have been vacant since December 2019. In addition, the CVB proposed rehire 6-8 part time seasonal visitor experience specialists to fully staff visitor centers and allow capacity for off-site visitor experience activations.

The CVB sales and marketing teams will be charged with building business for the new downtown Ithaca conference center in 2022. The CVB has also proposed to redesign its website, an effort which will require time and funding to complete.

Tourism Marketing Grants

The committee recommends restoring funding to the Tourism Marketing Grant (previously known as the Tourism Marketing & Advertising Grant). This funding is often paired successfully with Tourism Project Grant proposals and supports messaging to prospective visitors.

Market the Arts (CAP)

The committee recommends restoring funding to the Market the Arts initiative which promotes a variety of cultural events through the year.

OTHER EXPENSES

Strategic Tourism Implementation Grants

The committee recommends suspension of this activity for 2022.

County 10% Tax Administration Fee, Strategic Planning, & Staffing

The principal planner / tourism program director position will continue to support the program at 35 hours per week. All other county support for the program is provided through the “county 10% administrative fee” portion of the room tax budget.

DRAFT

Ithaca Area Economic Development (formerly Tompkins County Area Development)

All county funding to support IAED will be generated from sources outside of hotel room occupancy taxes in 2022.

Market Evaluation

The Strategic Tourism Plan recommended setting aside funding annually toward the cost of a county-wide tourism market study (like the recently completed Visitor Profile Study). This funding may also be used to support a short term rental municipal data partnership.

Conference Center

A resolution adopted by the County Legislature on March 17 established that 4% of hotel room occupancy taxes would be allocated to support the downtown conference center project starting in 2021.

BUDGET IMPLICATIONS

All tourism program activities are supported through the Hotel Room Occupancy Tax and the American Rescue Plan. The tourism program director and STPB monitor quarterly room tax reports to ensure that funds are available. All tourism program contracts issued are contingent upon fund availability.

CONTACT

Nick Helmholdt, Dept. of Planning & Sustainability, nhelmholdt@tompkins-co.org
Kelli Cartmill, STPB chair, kelli.cartmill@hilton.com
Josh Friedman, STPB budget committee co-chair friedman.joshua1@gmail.com

ATTACHMENTS

- Recommended 2022 Tourism Program Budget

	2019 - Modified	2020 - Adopted	2020 - Modified*	2021 - Adopted	2022 - Requested	2022 - Draft	
Product Development							NOTE
ACOD Grants	250,000	280,000	196,700	197,800	256,200	266,700	
Beautification (CCE Tompkins)	113,282	103,210	72,247	68,080	114,294	95,000	A
Beautification (TC Chamber)	11,000	10,000	7,500	-	-	-	
Downtown Ambassadors (DIA)	35,718	36,790	17,605	21,160	36,790	36,790	B
Capital Grants	298,480	260,000	55,526	-	262,000	260,000	
CAP - General Operating Support	42,033	43,295	35,832	33,120	43,056	43,056	
Community Celebration Grant	40,000	36,590	-	-	30,000	30,000	
Tourism Project Grants	137,514	27,159	-	-	70,000	70,000	
Outdoor Recreation OD Grants					100,000	50,000	
Festivals	26,895	28,710	23,335	22,080	28,709	28,709	
Hospitality Workforce Development	32,504	32,000	22,400	14,000	38,500	40,000	
County Historian	7,750	7,850	5,495	5,500	7,500	7,500	
Public Art Grants	10,121	10,000	-	-	10,000	10,000	
Wayfinding		100,000	-	-	-	-	
Conference Center (4%)				76,278	98,000	96,000	C*
<i>subtotal</i>	1,005,297	975,604	436,640	438,018	1,095,049	1,033,755	
Marketing	2019 - Modified	2020 - Adopted	2020 - Modified*	2021 - Adopted	2022 - Requested	2022 - Draft	
Convention and Visitors Bureau	1,352,647	1,433,000	1,027,208	1,104,000	1,513,727	1,513,727	
Tourism Marketing Grant	54,000	20,000	-	-	16,000	16,100	
Discovery Trail	19,000		-	-		-	
Market the Arts	10,800	10,650	8,650	-	10,650	10,500	
<i>subtotal</i>	1,436,447	1,463,650	1,035,858	1,104,000	1,540,377	1,540,327	
Product Development + Marketing Summary	2019 - Modified	2020 - Adopted	2020 - Modified*	2021 - Adopted	2022 - Requested	2022 - Draft	
Total Combined Product Dev. + Marketing	2,441,744	2,439,254	1,472,498	1,465,740	2,635,426	2,574,082	
Product Development %	40.0%	40.0%	29.7%	24.7%	41.6%	40.2%	
Marketing %	60.0%	60.0%	70.3%	75.3%	58.4%	59.8%	
Other Expenses	2019 - Modified	2020 - Adopted	2020 - Modified*	2021 - Adopted	2022 - Requested	2022 - Draft	
County Tax Administration (10%)	293,500	305,076	185,215	190,696	245,000	240,000	*
Strategic Planning & Staffing	109,701	111,284	111,284	103,218	106,783	106,783	*
IAED (formerly TCAD)	187,808	127,709	89,396	-	-	-	D
Market Evaluation					6,000	6,000	E
Strategic Plan Update	15,000	-					
Board Development & Training						5,000	F
Strategic Tourism Implementation Grants	33,896	49,830	-		-	-	G
<i>subtotal</i>	639,905	593,899	385,895	293,914	357,783	357,783	
Grand Total Expenses	3,081,649	3,033,153	1,858,393	1,835,932	2,993,209	2,931,865	
Revenues + Reserves	2019 - Modified	2020 - Adopted	2020 - Modified*	2021 - Adopted	2022 - Requested	2022 - Draft	
Projected Room Tax Revenue	2,935,000	3,050,760	1,852,150	1,906,955	2,450,000	2,400,000	
Projected Use of Reserves	146,649	(17,607)	44,556	(71,023)	(122,500)	(120,000)	H
Projected ARP Revenue					611,367	651,867	I
Grand Total Revenues + Reserves	3,081,649	3,033,153	1,896,706	1,835,932	2,938,867	2,931,867	

NOTES

A	Funding should not be directed toward hazard mitigation proposal at this time. This could be a future grant proposal.
B	Tourism Program will encourage closer coordination with CVB Downtown Visitors Center for hospitality ambassadors in 2022
C*	In 2021, the Conference Center was shown in "Other Expenses." Going forward it will be presented as a line in the Product Development budget. Some subtotals in the 2021 adopted budget column have been modified to reflect this change. This is a "fixed expense" for purposes of calculating ARP revenue.
D	County funding for IAED (formerly TCAD) will come from sources other than room tax in 2022.
E	Funding for future visitor profile study (around 2026) and short term rental municipal data partnership
F	Funds for training for STPB, 2022 focus on Diversity Equity and Inclusion
G	Program remains suspended through 2022
H	Fund balance as of 12/31/2020 was \$0. Board policy directs budget committee to set aside 5% of room tax in reserve
I	American Rescue Plan funding to cover gaps in Tourism Program Expenses up to a baseline defined by the adopted original 2020 budget (\$2,489,084 excluding 10% county tax administration, conference center contribution, and strategic planning & staffing).
*	The County 10% Tax Administration and Strategic Planning and Staffing lines are considered "fixed expenses" for purposes of calculating the ARP revenue.