

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: OCCUPANCY TAX COORDINATION

DATE: FEBRUARY 28, 2011

COMMITTEE MEMBERS PRESENT:

SUPERVISORS KENNY
MERLINO
BENTLEY
CHAMPAGNE
GOODSPEED
MCCOY
CONOVER

OTHERS PRESENT:

LEISA GRANT, PRINCIPAL ACCOUNT CLERK, TOURISM
FRANCIS X. O' KEEFE, COUNTY TREASURER
DANIEL STEC, CHAIRMAN OF THE BOARD
JOANN MCKINSTRY, ASSISTANT TO THE COUNTY ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
KEVIN GERAGHTY, BUDGET OFFICER
SUPERVISORS STRAINER
TAYLOR
WOOD
AMY BARTLETT, FIRST ASSISTANT COUNTY ATTORNEY
TERRY MCGARR, LEGAL ASSISTANT
RICHARD MURPHY, FISCAL ASSISTANT TO THE COUNTY ADMINISTRATOR
LUISA CRAIGE-SHERMAN, LAKE GEORGE REGIONAL CHAMBER OF COMMERCE
LINDA DUFFY, LAKE GEORGE WINTER CARNIVAL
ED KOKALAS, LAKE GEORGE WINTER CARNIVAL
DON LEHMAN, *THE POST STAR*
THOM RANDALL, *ADIRONDACK JOURNAL*
CHARLENE DiRESTA, SR. LEGISLATIVE OFFICE SPECIALIST
FOR ADDITIONAL MEETING ATTENDEES, PLEASE SEE ATTACHED SIGN-IN SHEET

Mr. Kenny called the meeting of the Occupancy Tax Coordination Committee to order at 9:31 a.m.

Motion was made by Mr. McCoy, seconded by Mr. Merlino and carried unanimously to approve the minutes of the previous Committee meeting, subject to correction by the Clerk of the Board.

Copies of the agenda were distributed to the Committee members; *a copy of same is on file with the minutes*. Commencing the agenda review, Mr. Kenny said Agenda Item No. III would be a report on occupancy tax revenues from the County Treasurer.

Francis O'Keefe, County Treasurer, distributed a handout to the Committee members which detailed the occupancy tax collections for 2010 and 2011; *a copy of the handout is on file with the minutes*. He explained that occupancy tax collections for 2010, collected through February 25, 2011, totaled \$3,247,331.67 which was an increase of \$328,078.44 (10.10%) compared to collections for the same time period in 2009. He continued by saying the amount of revenue collected from January 1, 2011 through February 25, 2011 totaled \$36,643.02 which was a decrease of \$4,187.13 (11.43%) compared to collections for the same time period in 2010.

Skipping to Agenda Item No. IV (e), Mr. Kenny requested Leisa Grant, Principal Account Clerk for the Tourism Department, to review the proposed changes to the Occupancy Tax Special Event Funding application. Ms. Grant distributed copies of the revised application to the Committee members; *a copy of the application is on file with the minutes*. Mr. Kenny stated that a number of changes had been suggested at the prior Committee meeting and the tentative changes had been included in the distributed copy. He mentioned the deadline for submission of the application had been changed on the website from December 1st to November 1st. Ms. Grant pointed out Question No. 11 on the application and noted one addition pertained to how the projected number of event

attendees was determined. Mr. Kenny stated that the previous application had incorporated Question Nos. 11 and 12 into one question which had caused many applicants to not report the number of anticipated hotel nights. Ms. Grant said that Question No. 13 asked the projected number of hotel nights for the previous year's event, as well as the actual number of rooms which were utilized. She noted there were several places on the application where a question concerning the method of determining a particular number was added.

Mr. Bentley entered the meeting at 9:35 a.m.

Pertaining to Agenda Item IV (f), Mr. Kenny apprised that Mr. Champagne had suggested at the previous meeting that the Occupancy Tax Scoring System Guidelines be amended to change the number of points awarded for the first year of a new event from 8 to a range of 6-15.

Motion was made by Mr. Goodspeed, seconded by Mr. Champagne and carried unanimously to amend Resolution No. 99 of 2007, which authorized and approved the application form for Occupancy Tax Funding to reflect the aforementioned changes; and to amend Resolution No. 600 of 2010, which amended the Occupancy Tax Scoring System Guidelines to evaluate funding applications, to change the number of points awarded for the first year of a new event from 8 to a range of 6-15. *The necessary resolutions were authorized for the March 18, 2011 Board meeting.*

Mr. Champagne questioned the evaluation process for Special Event Funding and Mr. Kenny explained the applications were reviewed by Kate Johnson, Director of Tourism, followed by Ms. Grant and the final review was performed by him, as the Chairman of the Occupancy Tax Committee. Mr. Kenny added that the review process was to verify that the expenses met the criteria for Special Event Funding. Mr. Champagne asked if the addition of an evaluation process to verify projected versus actual expenses would be beneficial. He inquired as to the possibility of verifying the actual number of hotel nights generated by a particular event and Mr. Kenny replied he was unsure of the possibility of developing a way to determine the actual number of hotel nights for a particular event. He said the Smith Travel Report gave a snapshot of the week of an event; however, he added, the Report did not track every lodging property in the County. Mr. Goodspeed asked if the funding was awarded on a reimbursement basis and Ms. Grant replied affirmatively and added that if an event lasted several weeks there was a provision which allowed 75% of the funding up front with the remaining 25% reimbursed after the conclusion of the event.

Discussion ensued.

Pertaining to Agenda Item No. IV (b), Mr. Kenny explained there was an Occupancy Tax Reserve Fund, the amount of which had fluctuated over the years and he requested Mr. O'Keefe report on the current balance. Mr. O'Keefe said the current balance of the Occupancy Tax Reserve Fund was approximately \$1,017,000. Mr. Kenny stated it was necessary to determine the minimum amount that should be held in the Reserve Fund and he said the County Administrator had recommended an amount between \$350,000 and \$500,000. Mr. O'Keefe suggested a minimum Occupancy Tax Reserve Fund balance of \$500,000 to \$600,000. He explained the current Tourism Department budget was approximately \$3 million and the law stated that the Tourism Department budget be fully funded by occupancy tax collections. In 2007, he further explained, the Tourism Department had been over budget by \$310,000 and he had recommended the deficit be deducted from the Occupancy Tax Reserve Fund. He opined that a Reserve Fund minimum of \$500,000 to \$600,000 would ensure a necessary reserve for the Tourism Department budget, as the tourism industry fluctuated.

Mr. Merlino and Mr. Taylor agreed with Mr. O'Keefe's assessment; however, Mr. Taylor opined that \$500,000 was not sufficient and suggested the reserve amount be a percentage of the total collections of the previous year. Mr. Taylor added that the percentage would need to be set at 15% in order to accomplish Mr. O'Keefe's recommendation of \$500,000. Mr. Kenny mentioned that the Tourism Department budget was approximately \$3 million a year and the tourism industry was dependent on factors, such as the economy, gas prices and weather. Mr. Geraghty expressed his opinion that a reserve balance determined by a percentage of collections could negatively impact the Tourism Department budget. He added that if the reserve fund balance were too low, it could effect the number of employees in the Tourism Department. Mr. Taylor noted if the tourism industry in Warren County decreased it would be difficult to maintain a predetermined dollar amount in the reserve fund. Mr. Kenny recommended an Occupancy Tax Reserve Fund balance of \$500,000 and Mr. Champagne agreed. Mr. Merlino suggested a balance of \$600,000 to \$700,000 for the next couple of years due to the fact that collections had fluctuated by approximately \$300,000 over the last two years. He added the reserve balance could be adjusted in the future.

Following further discussion, motion was made by Mr. Champagne, seconded by Mr. McCoy and carried unanimously to establish a minimum balance of \$500,000 for the Occupancy Tax Reserve Fund. *The necessary resolution was authorized for the March 18, 2011 Board meeting.*

Mr. Kenny mentioned there had been informal discussions on the possibility of establishing a Capital Project Reserve Fund for tourism related projects. He continued by saying the Fund could be utilized for projects upon approval of the full Board, such as the construction of a new Tourism Building or for projects relating to the Festival Space of the former Gaslight Village Property. Mr. Champagne asked the amount of funds necessary to establish the Capital Project Reserve Fund and Mr. Kenny suggested \$250,000. Mr. Bentley questioned if funds would be added yearly to the balance and Mr. Kenny replied affirmatively. Mr. McCoy asked if the funds would be utilized for existing venues and Mr. Kenny responded the funds could be used for any tourism related project initiated by the County. Following further discussion, it was the consensus of the Committee to discuss the possibility of establishing a Capital Project Reserve Fund at a future meeting.

Mr. Kenny informed the Committee that the current rules adopted by the Board for Special Event Funding stated that 10% of the occupancy tax collections of the previous year be awarded to assist in promotion of events. He said there had been a suggestion to amend Resolution No. 629 of 2008 to change the amount set aside for Special Event Funding from 10% of the prior year's collections to a flat amount of \$350,000. Mr. Kenny explained that \$307,000 had been awarded this year and if the amendment was adopted there would be an additional \$43,000 in funding to award. He stated it had been decided that if there were additional funds to distribute, all of the current applications would be reviewed further to determine which events deserved additional funding. Mr. Kenny commented that an additional meeting would be held on March 10, 2011 at 9:30 a.m. to award the remaining \$43,000 contingent on the adoption of the amendment by the full Board. Mr. Kenny noted the amount of the Special Event Funding could be changed in the future if necessary.

Motion was made by Mr. Merlino, seconded by Mr. Bentley and carried unanimously to amend Resolution No. 629 of 2008, which amended Resolution No. 80 of 2008, regarding the criteria for the expenditure of Warren County Occupancy Tax Revenues in connection with conventions, trade shows and events, to change the amount set aside for Special Event Funding from 10% of the prior year's collections to a flat amount of \$350,000; and to change the application deadline from December 1st to November 1st. *The necessary resolution was authorized for the March 18, 2011 Board meeting.*

Mr. Kenny stated the Committee meeting on March 10, 2011 would adjourn to a Workshop Session in order to discuss which events deserved additional funding. Mr. McCoy asked if applications would be re-submitted and Mr. Kenny replied in the negative. Mr. Kenny explained the applications currently on file would be reviewed further. Linda Duffy, of the Lake George Winter Carnival, asked if new applications would be considered and Mr. Kenny responded that the application deadline had been December 1, 2010. He added the only funding considered for new applications would be funds which were turned back in from events that had been awarded. He further added that applications which had been received by the deadline would receive preference over new applications. He advised it was possible for a newly submitted application to receive funding, although it was unlikely.

Ed Kokalas, of the Lake George Winter Carnival, questioned a reference in the newspaper to a \$35,000 commercial and Mr. Kenny explained a commercial had been produced targeted towards the NCAA (National Collegiate Athletic Association) Basketball and Jimmer Fredette. He further explained that the commercial highlighted boys basketball in the City of Glens Falls and some Lake George attractions. He said the commercial aired on networks outside of the area during March Madness. Mr. Kokalas pointed out that the Lake George Winter Carnival had been featured in *The New York Times* and *The New York Daily News* and had only been awarded \$5,000 in Special Event Funding. Mr. Kenny replied that the application would be included in the group of applications to be reviewed further.

Mr. Kenny requested an explanation as to how the amount of funds available in the Occupancy Tax Reserve Fund had been derived. Rick Murphy, Fiscal Assistant to the County Administrator, explained it had been originally intended that occupancy tax revenues would be expended on Tourism Department related expenditures. At the onset of the program and for the first three years, he continued, the revenues were utilized to fund a portion of occupancy tax expenditures and a portion of the Tourism Department budget was funded through tax levies. As of 2007, he said, occupancy tax revenues were used to fully fund the Tourism Department budget. He explained that each consecutive year the expenditures were closed into the Occupancy Tax Reserve Account. He pointed out that occupancy tax expenditures were funded partially from the reserve derived from the prior year's collections and partially from the revenues received in the current year. At the end of 2009, he reported there was approximately \$2.4 million in the reserve of which \$1.6 million was appropriated for the 2010 budget. He added there was currently in excess of \$1 million remaining in the Occupancy Tax Reserve Fund and it was anticipated to increase by approximately \$200,000 once the occupancy tax collections for 2010 were closed. Mr. O'Keefe pointed out that budgets were merely an estimate and the reserve was also an estimate. Mr. Merlino offered that the concept was similar to the procedure used by the individual Towns for their budgets. He added the budget was estimated based on anticipated revenues and if the revenues were not received it was necessary to appropriate funds from the reserve balance. Conversely, he said, if there were funds remaining from the anticipated expenses, those funds became part of an unexpended balance for the next year.

Ms. Duffy asked why it took so long to discover the significant amount of money in the Occupancy Tax Reserve Fund and Mr. Kenny responded the Fund had been in place since the onset of the occupancy tax. He added the amount of money in the Reserve Fund came to light when it was decided to fund the NCAA commercial. Ms. Duffy stated it had been mentioned earlier that it was unlikely a new application would be awarded Special Event Funding and she inquired as to why the County would not want to encourage new events. Mr. Kenny replied it would be unfair to the events that had submitted applications by the December 1st deadline to award the remaining funds to an event which submitted an application after the deadline. Mr. Champagne apprised that although it

was unlikely that a new application would be awarded funding, if there was an event which would generate a large number of attendees, the Committee would consider the application for funding.

A list of the applicants for 2011 Occupancy Tax Funding, which included the amount of funding awarded was distributed to the Committee members; *a copy of the list is on file with the minutes.* Mr. Kenny requested the Committee members to review the list and determine which events they felt were worthy of additional funds prior to the March 10, 2011 Committee meeting.

Mr. Kenny informed that Michael Consuelo, Special Events Coordinator, usually presented his report to the Occupancy Tax Committee; however, he continued, it had been decided that it would be more appropriate for Mr. Consuelo to report to the Tourism Committee in the future.

Luisa Craige-Sherman, Executive Director of the Warren County Council of Chambers, extended an invitation for members of the Board of Supervisors to attend the March 24, 2011 Council of Chambers dinner. She said the keynote speaker for the dinner would be Clark Dunham, from Railroads on Parade, and Wayne LaMothe, Assistant Director of the Planning & Community Development Department, would provide an update on the First Wilderness Heritage Corridor. In response to the conversation pertaining to determining a means for tracking the number of hotel rooms utilized for each event, she stated it was difficult to project the number of attendees an event would generate, as there would always be factors, such as weather, that affected the success of the event. She advised ticketed events were easier to track the actual number of attendees; however, she added, with events, such as Americade, the registered attendees could be tracked but it was difficult to track the number of attendees from the general public that were drawn to the area due to the event. Ms. Craige-Sherman advised a means would need to be developed to encourage hotel, motel and restaurant owners to assist the event planners in determining the number of attendees for events. Regarding the \$43,000 in additional Special Event Funding, she opined the due diligence in selecting which events were funded for 2011 had been superior. She suggested a percentage-based across the board increase to all of the events which had previously been awarded 2011 Special Event Funding. Mr. Kenny responded the concept of an across the board increase would be considered at the March 10, 2011 Committee meeting.

As there was no further business to come before the Occupancy Tax Coordination Committee, on motion made by Mr. Goodspeed and seconded by Mr. Merlino, Mr. Kenny adjourned the meeting at 10:29 a.m.

Respectfully submitted,
Charlene DiResta, Sr. Legislative Office Specialist