

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: OCCUPANCY TAX COORDINATION

DATE: APRIL 27, 2011

COMMITTEE MEMBERS PRESENT:

SUPERVISORS KENNY
MERLINO
CHAMPAGNE
MCCOY
CONOVER

OTHERS PRESENT:

KATE JOHNSON, DIRECTOR OF TOURISM
TANYA BRAND, GROUP TOUR PROMOTER, TOURISM
DANIEL STEC, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ATTORNEY/ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
SUPERVISORS BELDEN
TAYLOR
THOMAS
STRAINER
WOOD
PAM VOGEL, COUNTY CLERK
LUISA CRAIGE-SHERMAN, COUNCIL OF CHAMBERS
MICHAEL CONSUELO, SPECIAL EVENTS COORDINATOR
FRED AUSTIN, FORT WILLIAM HENRY
DON LEHMAN, *THE POST STAR*
JOANNE COLLINS, LEGISLATIVE OFFICE SPECIALIST

COMMITTEE MEMBERS ABSENT:

SUPERVISORS BENTLEY
GOODSPEED

Mr. Kenny called the meeting of the Occupancy Tax Coordination Committee to order at 11:07 a.m.

Motion was made by Mr. Conover, 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.

Privilege of the floor was extended to Francis X. O'Keefe, Treasurer, who distributed copies of the Occupancy Tax Report through April 26, 2011. He reported \$235,994 in total revenues collected through April 26, 2011 as compared to \$255,976 for the same period in 2010, a difference of 8.5%. He advised that the 2010 Occupancy Tax Fund Balance was \$2,656,100 with \$1,486,870 appropriated for 2011 which resulted in a Fund Balance of \$1,169,230 as of December 31, 2010. He further reported that a total of \$91,600 was appropriated for the following: 1) Jimmer Fredette Promotion (\$35,000); 2) additional funding for special events (\$38,700); overtime for the Department of Public Works (DPW) during the Adirondack Balloon Festival (\$5,900); 4) the New York State Basketball Tournament (\$2,000), and Mr. O'Keefe reported a reserve balance of \$1,077,630. He said the designated Reserve Fund amount was set at \$500,000 which resulted in an estimated Occupancy Tax Fund balance of \$577,630, not including 2011 revenues and expenditures.

Mr. O'Keefe summarized the reserve balances for 2004 through 2009. Mr. Kenny said it would be helpful to know how many businesses were in arrears and Mr. O'Keefe stated he would include that information in subsequent Occupancy Tax Reports. With regard to reserve balances, Mr. Conover pointed out the dramatic decline in 2009. Mr. O'Keefe expounded that the rationale for the changes depended on the amount appropriated from the Fund balance, as well as the amount of the Tourism Department Budget. Kate Johnson, Director of Tourism, and Mr. O'Keefe stated they would examine the figures for same.

Mr. Kenny informed that surveys had been created and sent to lodging facilities in Warren County as a result of his request to Ms. Johnson, which included the following two questions:

1. Not including Americade, what are the top five Occupancy Tax funded events which contribute most to your businesses occupancy.
2. If new events could be attracted to the region, which two weeks do you feel are most in need of increased business.

Mr. Kenny reported a very good response to the survey and informed that the Adirondack National Car Show was the top ranked event, aside from Americade, in terms of its impact on occupancy. He said the Adirondack Balloon Festival ranked third overall followed by The World's Largest Garage Sale in Warrensburg.

Pertaining to Question 2, Mr. Kenny reported the weeks reported as most in need of business were weeks three and four of May and June; and the fourth week of August.

Mr. Kenny said the survey represented a wide cross-section of County businesses and was a viable tool to analyze the impact of events on the area as it related to the awarding of Occupancy Tax funding. He noted that an updated survey would be available in December. Relative to survey standards, Mr. Kenny stated that the survey yielded a 13% response rate and noted that 10% was considered a very good response as per industry standards. Ms. Johnson informed that the survey was sent to 264 businesses in Warren County. Mr. Conover praised the survey efforts and stated it would be a valuable tool to aid the difficult process of analysis and award funding. He pointed out that the Garage Sale had difficulty demonstrating room nights in the application, making the survey highly valuable. Mr. Taylor asked if Mr. O'Keefe could provide the revenue figures for the top five events and he replied affirmatively.

Mr. McCoy suggested that the Occupancy Tax Budget be divided into two categories to represent the successful proven events and fledgling events. He noted that Americade had reached its growth potential and pointed out a three or four night minimum stay policy at most larger facilities during this typically sold-out event. Mr. Kenny stated that the issue had been addressed in the past and the economic development principal of retaining proven events was of equal importance and Mr. McCoy agreed. Mr. Kenny further stated that Americade brought \$42 million to the region, and although awarding funds was a complex task, maintaining a balance was often challenging. He advised that the Committee had awarded funding to the fledgling Centurion Cycling Event this year. Mr. Champagne acknowledged the survey results as a tool to be considered and Mr. Kenny concurred. Mr. Kenny recommended that the survey be re-issued prior to December and he reiterated that although businesses were not identified in the report, the broad cross section of responses was reflected by the location of the events. He added that the Car Show and Garage Sale responses came from throughout the County.

Continuing with the Agenda review, Mr. Kenny summarized the recommended changes to the Warren County Tourist and Convention Development Agreement for the Committee's approval. The changes, he said, included a requirement for utilization of the online logo which would require creation of a hyperlink to the visitlakegeorge.com URL. The second change, he stated, was additional wording in Item 4 (Performance Report) with regard to substantiating room nights. Additionally, Mr. Kenny said, under Item 5 there was additional language regarding the requirements for payment from the County.

Pertaining to the expenditure of Occupancy Tax Funding awards, Mr. Conover asked if there were specifications or limitations written into the contract and Mr. Dusek explained that although the County had recommended funding be used for promotional purposes, it was legally permissible for the recipients to expend the funds in a discretionary manner. Furthermore, he said, the contract

stated that the County awarded the funds in return for the use of the County logo; a full page ad; and the collection of information such as zip codes. He said the practice of placing an emphasis on promotional expenditures had evolved and he noted the importance of distinguishing the legal and practical aspects.

Mr. Champagne questioned the process of evaluation of expenditures and Mr. Dusek stated that as long as the three aforementioned parameters were met, the mission of the contract was accomplished. He said the County preferred to select promotional expenditures for award reimbursement; however, he stated, the specification was not legally required. Mr. Kenny reminded the Committee that expenditure reports were reviewed by Ms. Johnson, Leisa Grant, Principal Account Clerk, and himself. Mr. Champagne asked if unacceptable reports had been received and if the reports impacted decisions. Mr. Kenny replied affirmatively to both queries and noted that Ms. Johnson often requested additional supporting documentation. Ms. Johnson reminded all Committee members that supporting data was provided at the workshops and urged Committee members to review the data during the sessions.

Mr. Conover expressed concerns relative to the proper use of funds by returning organizations which operated recurring events. Mr. Kenny apprised that the main issue was the business activity generated by the funded events. Ms. Johnson added that the focus was consistently on advertising, the use of the County logo, and improved promotional efforts.

Motion was made by Mr. McCoy, seconded by Mr. Merlino and carried unanimously to approve the changes to the Agreement as outlined above and the necessary resolution was authorized for the May 20, 2011 Board meeting. *A copy of the resolution request form is on file with the minutes.*

Mr. Kenny addressed a request which was referred by the full Board, which requested \$30,000 in funding to be used for the removal of Asian Clam infestation on Lake George. Mr. Kenny expressed the importance of Lake George to the region and cautioned that continual reductions of the Occupancy Tax Reserve Fund could have a negative effect on the future of that fund. Mr. Merlino acknowledged the importance of caring for Lake George and stated it could evolve into a long term project. He suggested that contributions be made by the Towns which received a portion of occupancy tax collections. Mr. Champagne expressed his support for the \$30,000 request and stated the clam infestation could severely limit tourism in the region. Mr. McCoy expressed his support for the request to maintain Lake George, which he noted was the lifeblood of the region, and felt that the award would not set a precedent to the extent that each application was analyzed based on its own merit. He noted that a return on the investment would be evidenced in occupancy tax collections. Also in support of the funding, Mr. Conover expounded that the clam infestation was a direct threat to Lake George which was critical to the local economy in terms of both residential and commercial economies. Mr. Merlino informed that he was not against the funding for the project; however, he stated, he suggested that the funds be derived from sales tax revenue and he felt that lake shore property owners should contribute to the effort. Mr. Kenny cautioned against the use of General Fund monies as would be the case in utilizing sales tax, and noted a surplus in the Occupancy Tax Reserve Fund.

Motion was made by Mr. McCoy, seconded by Mr. Champagne and carried unanimously to approve the request for \$30,000 from the Occupancy Tax Reserve Fund, for the eradication of Asian Clams on Lake George and refer same to the Finance Committee. *A copy of the resolution request form is on file with the minutes.*

Mr. Thomas articulated that decisions regarding the use of Occupancy Tax Funds were made after careful examination, in the best interest of the County at-large and it's taxpayers. He noted the

serious nature of the Asian Clam infestation which threatened the future of the lake; thereby justifying the funding. Mr. Stec expressed his agreement with Mr. Thomas. Mr. Kenny thanked Mr. Merlino for his fiscal vigilance regarding the Occupancy Tax Fund.

Mr. Kenny called the question and the motion was carried unanimously to approve the request to appropriate \$30,000 from the Occupancy Tax Reserve Fund to Tourism - Promotion, to assist with the eradication of the Asian Clam infestation for Lake George, and to refer same to the Finance Committee; and to approve an Inter-Municipal Agreement with the Village of Lake George. *Copies of the resolution request forms are on file with the minutes.*

As there was no further business to come before the Occupancy Tax Coordination Committee, on motion made by Mr. McCoy and seconded by Mr. Champagne, Mr. Kenny adjourned the meeting at 11:51 a.m.

Respectfully submitted,
Joanne Collins, Legislative Office Specialist