

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: OCCUPANCY TAX COORDINATION

DATE: MAY 29, 2014

COMMITTEE MEMBERS PRESENT:

SUPERVISORS KENNY
MERLINO
CONOVER
DICKINSON
FRASIER
SIMPSON
STROUGH

OTHERS PRESENT:

LEISA GRANT, PRINCIPAL ACCOUNT CLERK, TOURISM
MICHAEL R. SWAN, COUNTY TREASURER
KEVIN B. GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
AMANDA ALLEN, DEPUTY CLERK OF THE BOARD
FRANK E. THOMAS, BUDGET OFFICER
SUPERVISORS BROCK
MCDEVITT
SEEBER
TAYLOR
KATE JOHNSON, DIRECTOR OF TOURISM
CHRISTINA CURLEY, LAKE GEORGE REGIONAL CHAMBER OF COMMERCE &
CVB
JACK DIAMOND, MAYOR FOR THE CITY OF GLENS FALLS
DOUGLAS KENYON, RESIDENT OF THE TOWN OF QUEENSBURY
RONALD MONTESI, DEPUTY SUPERVISOR FOR THE TOWN OF QUEENSBURY
TONY HALL, *THE LAKE GEORGE MIRROR*
DON LEHMAN, *THE POST STAR*
SARAH MCLENITHAN, SECRETARY TO THE CLERK OF THE BOARD

Mr. Kenny called the meeting of the Occupancy Tax Coordination Committee to order at 9:30 a.m.

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

Commencing the Agenda review, Mr. Kenny advised the first item listed pertained to a Report on Revenues from Michael Swan, County Treasurer, who distributed a handout to the Committee members, a copy of which is on file with the minutes. Mr. Swan apprised the total occupancy tax revenues collected through May 27, 2014 was \$377,218.19, an increase of \$17,956.56 or 4.76%. He stated the Occupancy Tax Fund Balance as of December 31, 2013 was \$678,004.98, as they recently deducted \$4,000 from it for mailing a hot air balloon to Saga City, Japan.

The next item on the Agenda, Mr. Kenny stated, concerned action items. He said prior to commencing discussion on raising the Warren County Occupancy Tax rate to offset operational expenses of the GFCC (Glens Falls Civic Center) he would like to review with Paul Dusek, County Administrator, the reporting requirements for occupancy tax for municipalities. Mr. Dusek apprised at the request of the Committee he had developed a standard reporting format for Warren County Municipalities to use when accounting for occupancy tax funding. He said he had discovered there was a new standard form being developed by the County Attorney's Office; however, he noted, the form did not include all of the information that was required by the agreements and was not as comprehensive as he felt the Committee requested. He suggested moving along to the discussion regarding raising the Occupancy Tax rate, as his staff was in the process of printing copies of the form he had developed.

Mr. Kenny reviewed in detail the proposal to increase the Warren County Occupancy Tax Rate from

4% to 5% to assist the City of Glens Falls with offsetting the operational expenses of the GFCC; a copy of which is on file with the minutes. He stated the proposal was being presented to the Committee for discussion purposes only, as he planned on making the presentation to the full Board at the June 20, 2014 meeting. He explained if the proposal received sufficient support from the full Board he would bring the matter back to the Committee for further discussion. He requested the Committee take into consideration this was one of several other proposals being considered.

Mr. Kenny advised he had attended a meeting a few weeks ago with Chairman Geraghty, Supervisor Girard, the City of Glens Falls Local Development Corporation and representatives from the City of Glens Falls regarding the GFCC. He stated that Jack Diamond, Mayor of the City of Glens Falls, apprised the GFCC was at risk of closing, as the City was no longer able to shoulder the burden of subsidizing the large deficit of the facility. He said Mayor Diamond had originally requested an approximate contribution of \$500,000 from the Warren County Budget toward the GFCC operating expenses; however, he said, since this was not feasible they determined the Occupancy Tax rate could be increased by 1% to assist the GFCC. He pointed out that occupancy tax revenue had decreased substantially from 2007 through 2009 and funds had been allocated from the General Fund to supplement the Tourism Department's Budget. He noted the national average total tax for a room including the sales tax rate had increased from 11.5% in 2004 to 14% today. Other similar facilities, he said, such as the Saratoga Springs City Center, were supported by a 1% increase in sales tax within the City of Saratoga Springs. He apprised the Albany Civic Center was supported by Occupancy Tax, as were most Civic Centers across the nation because they were unable to be self-sustaining.

The GFCC, Mr. Kenny stated, was a building block for the economy of the City of Glens Falls. He commented if the GFCC were to close at least two restaurants would go out of business, followed by other businesses, which would return the downtown area of the City of Glens Falls to a state similar to what it was fifteen years ago. He said he felt if the GFCC had never been built this proposal would be approved without any objections. He pointed out the tourists coming to the area, including the estimated hundreds of thousands of patrons of the GFCC, would be supplying the necessary funds. He apprised that although occupancy tax revenue had steadily increased over the last few years he believed it had reached the saturation point.

Mr. Strough agreed that the GFCC was a regional resource that the Town of Queensbury benefitted from and deserved further discussion; however, he said, he felt alternative ideas should be explored. He pointed out other ideas had included utilizing some of the additional funds from the proposed 1% increase to combat invasive species in Lake George because the Lake was also a regional asset. He said he believed it was worthwhile to consider taking the financial burden off of Warren County and using a portion of the occupancy tax funds to combat invasive species, as well as assisting the GFCC with their operating costs. He reiterated he felt the proposed increase in the rate merited further discussion. He commented if a portion of the funds were allocated to the GFCC he preferred some form of governance body be formed rather than an authority to manage the GFCC. He said he was in support of discussing the matter further.

Mr. Simpson advised that he agreed the GFCC was an asset to the County; however, he said, he had concerns with raising the occupancy tax rate, as the 1% increase consisted of 25% of the existing tax rate. He stated since the Town of Horicon was so far away from the GFCC they received minimal benefits from the events taking place there. He suggested looking into whether it was feasible for the City of Glens Falls, the Town of Queensbury, the Village of Lake George and the Town of Lake George to form a region where an additional rate could be charged on top of the Occupancy Tax rate that was set for the County. He pointed out he had visited several places where the receipt displayed

the other taxes. Mr. Kenny asked Mr. Dusek whether this was a valid option and Mr. Dusek replied he was unsure. He explained further research would be required to determine if this was viable option. Mr. Simpson noted as an example, Saratoga County's rate was 4% and the City of Saratoga Springs was 5%.

Mrs. Frasier stated that while she felt the GFCC was a County asset, the Town of Hague received no benefit from it. She said she felt the taxpayers in her Town would not be in favor of the proposed increase to assist the GFCC. She stated she agreed with Mr. Simpson that the possibility of a regional increase for the municipalities that benefitted from the GFCC should be explored; however, she said, because her Town was so far north of the facility she was not in favor of raising the County Occupancy Tax rate.

Mr. Dickinson advised that while he was sympathetic to the City of Glens Falls' financial issues regarding the GFCC, he felt Lake George was a greater regional asset to the County. He pointed out how the Towns of Lake George, Bolton and Queensbury, as well as the Village of Lake George carried the burden of collecting the bulk of occupancy tax for the County. He continued, these municipalities willingly shared the funds with other municipalities located within the County. He commented he was not in favor of the proposal and felt the discussion should be tabled until some indication was given as to whether there was support from Assemblyman Stec and Senator Little to present this to the Legislature. He added he would like to review a full disclosure of the operating expenses and revenue generated from the GFCC. He apprised he was in favor of providing some sort of assistance to the City of Glens Falls for the GFCC; however, he said, he was not in favor of this proposal.

Mr. Conover apprised he was opposed to the proposal. He said he felt Warren County had regional assets that should be focused on, such as combating invasive species in Lake George, because tourism activities surrounding Lake George supplied the majority of the occupancy tax revenue to the County. He suggested reviewing how the County's current occupancy tax revenues were being used in order to prioritize expenditures and include funding for important things such as combating invasive species on Lake George, the Wood Park and the GFCC. He continued, after prioritizing expenditures if it was determined they would still like to fund the smaller events that lost funding they could revisit the discussion on increasing the occupancy tax rate. He added he was unsure whether the Occupancy Tax Reserve of \$500,000 should still be required since there seemed to be a consistent amount of funding collected annually. He stated he was in favor of discussing a cooperative agreement with the City of Glens Falls, as he felt some sort of assistance to the GFCC should be provided. He pointed out there had been previous allocations of occupancy tax funds to the GFCC for required improvements that were above the normal amount awarded. He said nothing prevented the interested municipalities from establishing a benefit district to raise additional funding, should they desire to do so. He reiterated he was opposed to the proposed increase at this time.

Mr. Merlino thanked Mr. Kenny for bringing forth the proposal, as he felt individuals such as himself and Mr. Kenny viewed ideas from a different perspective than others. He stated he felt the discussion should be moved forward and a public hearing should occur so the full Board was aware of the public's opinion on the matter. He said although he did not agree with the formula included in the proposal he supported moving forward with the discussion. He noted a few months ago he had withdrawn a proposal relating to reorganizing the distribution of sales tax revenue amongst the Towns, as well as the City of Glens Falls which would not raise taxes because of the negative feedback he received; however, he said, he was considering bringing forth the proposal again.

Mayor Diamond thanked the Committee members for entertaining the discussion regarding the

proposal. He stated he was encouraged by the commitment from the members of the Committee to continue the discussion on the matter. He advised the City of Glens Falls viewed the proposal from a regional perspective, as the proposal included the City granting Warren County recreational rights to of approximately 1,300 acres of land on their reservoir property. He stated he believed by investing funds in the community, tourism would expand, which he felt was the driving force of the economy in the region. He said the City was offering a licensing agreement with the Town of Queensbury and the County for twenty years to develop the property for recreational use. He added they would assist with applying for grant funding to complete this development. He said he was sympathetic to Mr. Simpson and Mrs. Frasier's points that they received little or no benefits from the GFCC because of their location; however, he stated, he felt it was a regional asset. He pointed out the GFCC employed 144 individuals annually and benefitted the region when individuals booked hotel and motel rooms around the region so they could attend events at the arena such as a Phish concert. He commented Warren County residents would rather attend an event at the GFCC than travel to the Times Union Center in Albany, New York. He stated they hosted graduation ceremonies for local schools and were willing to create a day for the community at the GFCC if anyone desired to do so. He reiterated he was pleased the Committee members were agreeable to moving the discussion forward. He apprised the City of Glens Falls no longer had the ability to subsidize the GFCC on their own and he said his desire was for the City to partner with the County to ensure the GFCC could continue operating. He added he supported assisting Lake George with combating invasive species, as he felt the Lake was also a regional asset. He requested the discussion continue in an attempt to develop a solution for the GFCC.

Mr. McDevitt advised he felt Mr. Kenny's statements regarding how other similar facilities across the Country were funded was appropriate. He said the easiest and most direct solution to the problem would be to use occupancy tax funds to assist the City with subsidizing the GFCC, as the City was no longer able to do so on their own. He stated he believed the GFCC was a regional facility that added to the quality of life for the taxpayers of the County. He commented he was hopeful the dialogue would move forward and an equitable formula was developed that would prevent the GFCC from having to close.

Mayor Diamond read from an editorial featured in *The Post Star* on Friday, March 14, 2014 that stated the GFCC was a regional asset and complimented how efficiently the Boys Basketball Tournament was managed. He pointed out this event, as well as others would be in jeopardy should the facility be closed.

Mr. Taylor commented he felt the wrong message was being relayed to the public suggesting that if the County did not provide the assistance requested the GFCC would be forced to close, as this may prevent large events such as the Boys Basketball Tournament from returning. He advised he believed it was necessary for the public to realize that the County was attempting to assist the GFCC to ensure it remained open. Mr. Taylor asked the Committee to take into consideration that the City of Glens Falls was the only City within Warren County and many not-for-profits were located there that served the entire region, such as the Glens Falls Hospital. He stated he thought the discussion should continue with the understanding that the County's desire was to save the facility.

Mr. Kenny read an email he received from Robert Blais, Mayor of the Village of Lake George, regarding the proposal that stated, "Hello all I am unable to attend tomorrow's meeting wherein discussion of a possible increase in the occupancy tax by 1% may be discussed. It is my understanding that a portion of the proceeds will be allocated to assist GFCC debt and the remainder of approximately \$20,000 allocated to each town and our village. I believe the GFCC is an important regional facility that deserves the support of Warren County. Events at the GFCC fill rooms in other

towns and my community, as well, as the City who lacks many rooms. The GFCC is an important component in our County with graduations, concerts, meetings and now a new hockey team. It is totally appropriate for the County to assist the City with funding. The GFCC rarely makes money financially, but rather provides economic opportunity for the area surrounding the facility. While raising the Occupancy Tax rate 1% will not deter anyone from coming to the County, you might consider allocating the balance to the Warren County Tourism Department or the towns based on the percentages they generated. Warren County Tourism does an excellent job promoting our County. We must support the GFCC, Glens Falls itself is important to our County's future. While no one appreciates an increase in any tax, this is the proper tax at the right time, for the right purpose."

Mr. Simpson advised he concurred with Mr. Taylor and Mayor Diamond that the County's desire was to provide some sort of assistance to the GFCC; however, he said, since the Town of Horicon had fewer businesses than the City or the Town of Queensbury, a 1% increase had more of a negative impact on their businesses. Mr. Strough pointed out there were other proposals that had been presented that were more favorable to the northern municipalities. He stated he felt there was value with increasing the rate, as he did not think it would prevent tourists from coming to Warren County. He noted the fact that the Occupancy Tax rate in Maine was considerably more than Warren County had not deterred him from booking a vacation there. He stated raising the Occupancy Tax rate was the only option that assisted the City with subsidizing the GFCC with no impact on the taxpayers of Warren County. He added during the months when Lake George was dormant it was the City and towns that provided occupancy tax revenue. He advised he would like to continue the discussion further, as he was supportive of providing some form of assistance to the GFCC.

Mr. Conover apprised his issue was that they were assuming that everything the \$3.9 million funded had a greater than or equal to priority than the County's regional assets, which he did not accept. He stated he felt the increase would never be discussed if the regional assets were included within the \$3.9 million, as they would take precedent over the lower priority events. He reiterated he felt it was necessary to review how occupancy tax funds were currently spent and prioritize the expenditures. He continued after the expenditures were prioritized if it was determined the smaller events should still be funded the discussion of an increase could be revisited.

Mr. Thomas pointed out that although the Town of Stony Creek had the smallest population within Warren County, it was located in the Adirondack Park, which he felt was a regional asset. He said he could argue that Stony Creek should get a portion of the proposed increase because they were unable to expand their tax base due to the regulations forbidding development on land located within the Adirondack Park.

Mr. McDevitt stated he hoped this was the beginning of the discussion and not the end. He commented going forward an equitable formula should be developed that would provide financial assistance for combating invasive species in Lake George, as well as to the GFCC.

Returning to the discussion regarding the reporting requirements for occupancy tax for municipalities, Mr. Dusek distributed a form he developed with his staff in an attempt to include what was discussed at the prior meeting, what was contained in the contract, as well as what the communities appeared to be performing; *a copy of which is on file with the minutes*. He stated he tried to keep the form as simple as possible with the following three parts to report on:

- 1) Events funded in a reporting year
- 2) Activities that are expected to be continued

3) Occupancy tax funding accounting

Mr. Dusek advised Part 1 required the municipalities to report on the events funded in the reporting year, which was derived from the contract. Part 2 requested a report on the activities that were expected to be continued was also a condition of the contract, he said. He apprised he decided to keep Parts 1 and 2 separate to make it more comprehensive as to what information the County required. He stated the name of the project and a summary of what would be done to continue the events in the following year would suffice. He said Part 3 was developed to satisfy the request for a better accounting of the occupancy tax funding on the report. He stated this would require the municipalities to start with the balance of occupancy tax funds they currently had, list the amount of funds allocated from the County in the reporting year, list the amounts expended which would originate from Part 1 and the balance of funds remaining. The report would be signed and dated by the Chief Executive, he said. He commented he could make any changes and/or editions to the form at the request of the Committee. He pointed out the form was completed in a Microsoft Excel spreadsheet; therefore, he said, the cells could be expanded to include all the information necessary on one report rather than have to transmit several documents. He noted a resolution would be required should the Committee wish to move forward with this form.

Mr. Dickinson questioned whether this was an annual report and Mr. Dusek replied affirmatively. He explained this form would take the place of the different versions the various municipalities currently used to submit their annual reports. Mr. Conover asked if this form could be altered to include a way to specify whether they were accounting for anticipated funding or actual funding received. Mr. Dusek responded a cell could be added below Balance Remaining asking the municipality to specify whether they accounted for anticipated or actual funds. Mr. Conover stated the Town of Bolton would report on the funds based upon how they collected and expended the funds; however, he said, he felt it was necessary to differentiate between the amount of funds anticipated and collected. Mr. Dickinson concurred with Mr. Conover and added he felt the guidelines should be reviewed since they required occupancy tax funds be allocated within the calendar year. He pointed out the funds were not allocated to the municipalities until the spring; therefore, he said, they had to look for support elsewhere to fund events that took place from January 1st until the funds were received. He suggested the guidelines be revised so the fiscal year for occupancy tax corresponded with the calendar year.

Discussion ensued.

Pursuant to the discussion it was determined that Mr. Dusek would review and discuss the contract and guidelines for occupancy tax with Messrs. Conover and Dickinson and report back to the Committee at a future date.

As there was no further business to come before the Occupancy Tax Coordination Committee, on motion made by Mrs. Frasier and seconded by Mr. Conover, Mr. Kenny adjourned the meeting at 10:22 a.m.

Respectfully submitted,
Sarah McLenithan, Secretary to the Clerk of the Board