



MEMORANDUM

To: Wake County Board of Commissioners
Raleigh City Council

From: Dennis Edwards, GRCVB President & CEO
Paula McChristian, GRCVB Director of Finance and Human Resources

Date: May 4, 2016

Subject: GRCVB Budget 2016-2017

INCOME

Hotel Occupancy Tax income number is provided to the GRCVB by the Wake County Budget Office. Wake County is projecting that collections for 2015/2016 will be \$23,636,000 and then project that collections for 2016/2017 will increase 3% to \$24,345,000. The GRCVB receives a portion of those collections based on a tiered formula, \$5,476,017. The GRCVB portion of the Prepared Food and Beverage Tax is capped at \$675,000.

The contract with the Raleigh Convention Center will remain at \$100,000. Annual Meeting revenue is projected at \$43,000 and revenue from Destination Travel Network (website advertising) is estimated at \$100,000. The GRCVB will use over collections of \$400,000 remaining from the 14/15 and 15/16 budget years. Other program revenue includes IBMA Local Organizing Committee revenue and Ironman Raleigh 70.3 hotel rebates.

EXPENSES

The following are explanations of the budget variances for the proposed 2016/2017 budget versus the 2015/2014 budget:

Salaries & Wages: Increase, 6.3%. A 3.0% cost of living increase for the 28 staff members is included in the budget for 2016/17. A Communications & Tourism Manager position has been added. An increase in medical insurance is also included in the salaries and wages line item.

Payroll Taxes: Increase, 6.3% - FICA increase based on increase in salaries.

Travel & Entertainment: Increase, 12.7%

- Sales – No change \$25,400, Budget includes funding for site visits and local sales presentations.
- Services – 13% increase from \$16,200 to \$17,000, Budget includes travel/registration for the Event Services Professional Association national conference, Destination Marketing Association International (DMAI) Services Shirtsleeves, Passkey Housing Forum and for two staff members to attend Meeting Planners International local meetings. Also included are site tours and planning meetings for incoming groups.

- Communications – new budget line item \$5,000. Communications has now budgeted for site visits for tour operators and international media.
- Marketing – 18% increase from \$22,850 to \$26,880. Budget includes travel for DMAI Annual meeting, Marketing Innovation Summit, Destination Marketing Association North Carolina (DMANC), and Tourism Industry Association (TIA) conferences. Content Marketing World meeting has been added for 16/17. Budget also includes meetings with local partners to facilitate cooperative partnerships and to discuss the Raleigh, N.C. brand. Funds also budgeted for the cultural presenters forum, live music advisory group and Wake County beer summits.
- Sports Marketing – 2% increase from \$18,650 to \$19,200. Funding for travel to National Association of Sports Councils (NASC) meeting in Sacramento for 3 staff members as well as funding for Event Services Professional Association and Passkey Forum. Budget also includes monies for meetings with local partners.
- Information Technology – No Change \$14,800. IT staff sits on vendor committee for SimpleView and attends these meetings and we have budgeted for the IT Manager to also attend. IT Director also attends DMAI Annual meeting and CIO/IT conferences.
- Administration – 18% increase from \$31,070 to \$36,670. Budget includes travel for DMAI's Annual meeting, CEO, CFO and HR Summits, SimpleView CVB Summit and local and state meetings where issues are being discussed that will impact Wake County.

Marketing & Advertising: Increase, 6.2%

- Sales: 6% increase from \$394,945 to \$421,610. Staff will promote Wake County at 40 industry tradeshows in top feeder markets in fiscal year 2016/17. Will engage Knowland Group to provide readerboard service for information on meetings occurring within our competitive set and also hire contractor for lead generation and prospecting. Continued participation in Meeting Planners International, Professional Convention Management Association and the American Society of Association Executives. Funds for promotional events and regional sales calls/sales missions to key markets including Washington, DC, Philadelphia, Chicago and Atlanta are included. Will host one Customer Advisory Board meeting.
- Services – No change \$66,876. Funding will be used to service all incoming groups with the Red Carpet Program. Services will continue to offer the Customer Care class, will host four See For Yourself Tours and work on ways to package unique experiences for the visitor.
- Communications: 16% increase from \$72,950 to \$84,550. Funds added for new Communications & Tourism Manager to participate in the VisitNC International Sales Mission, North American Travel Journalists Association National Conference, Travel South International tradeshow and U.S. Travel Association's IPW tradeshow. Maintained professional services funding to continue to use contractor to pitch ideas to local, regional and national media. Communications department maintained funds to cover visit requests from journalists and other media and the department will also host four group press familiarization tours during the year.
- Marketing: 20% increase from \$1,143,700 to \$1,274,964. Total expected advertising spend for local/leisure, group and sports is \$510,080. Visitor Guide production is included in the marketing budget along with promotional items and materials for all departments. Increased funds for content marketing services and video production. GRCVB will work with SimpleView to launch our new website which will offer a complete responsive design which can be viewed on any device. Funds also allocated for search engine optimization, pay per click services for leisure and sales and for updating visitor volume and spending data and for pace reporting.
- Sports Marketing (GRSA) – 21% decrease from \$365,490 to \$289,300. Decrease due to hosting expenses for 2016 NCAA Men's Basketball in the prior year budget. For 2016/2017 Sports will help host/service over 40 collegiate and amateur events including the

NCAA Women's lacrosse championship, DII Baseball World Series, DII Tennis Championship, ACC Wrestling Championships, City of Oaks Volleyball Challenge and the USA Baseball Irish Classic. Sports Marketing will use funding to continue to create awareness of the Greater Raleigh Sports Alliance brand and staff will attend 14 tradeshows to promote the Greater Raleigh area to events and rights holders.

- **Information Technology:** No change, \$94,416. IT budget includes all funds for management of the GRCVB's Content Management System (CMS) and Content Relationship Management System (CRM). This information feeds into the visitraleigh.com website and is also used by the GRCVB for sales leads and servicing needs.
- **Administration:** 11% increase from \$701,005 to \$784,203. Included are expenses for the annual meeting, hosting fees, Destination Marketing Association International support programs such as Empowermint, an electronic RFP lead generator, and research to measure the performance of the Wake County hospitality sector using Smith Travel and Oxford Economics impact data and Arena benchmarking tool. Tina Valdecanes, MCV & Associates, will continue to target connectors within business, academic, government and non-profit sectors. Business Opportunity Fund supports conferences and other initiatives that are brought to the GRCVB for assistance.

Event Promotion: Sports Event Investment Program (SEIP) \$400,000 – Program provides funds for rights fees, bid fees and marketing sponsorships for new and existing sporting events that will have a positive impact on Wake County hospitality. All SEIP requests are approved by the GRCVB Board of Directors. Any unused SEIP monies will be transferred to Marketing & Advertising.

ADMINISTRATIVE EXPENSES

Dues & Subscriptions: 6.9% increase from \$83,181 to \$88,931 - GRCVB will engage Cision for our media monitoring subscription. This service will now integrate with our Customer Relationship Management (CRM) with Simpleview. Memberships have also been added for the new Communications & Tourism Manager. Fees for marketing award submissions and IT domain names are in this budget. GRCVB maintains memberships in local, state, regional and national organizations to build customer relations and receive education, research and information on advocacy issues.

Education & Training: 9.6% increase from \$25,800 to \$28,275 - Staff maintain certifications in their areas of expertise and proposed budget includes Certified Meeting Planner (CMP) training and testing expenses for Services and Sales staff as well as Certified Sports Event Executive certification renewal for GRSA staff. Continuing professional education (CPE) is included for the Director of Finance & HR to maintain the Certified Government Financial Manager (CGFM) designation. Budget also includes funds for Ambassador and Customer Care training with Wake Tech, See For Yourself Tours, Destination Awareness Training and the Guest Service Gold Star program in partnership with NCRLA.

Rent: 3.2% increase from \$151,032 to \$155,826— GRCVB renegotiated office space lease at 421 Fayetteville Street in 2013. Under the new lease for years 2013-2020 rent for July and August are reduced 50%. This year we have included funds for additional air/heat charges for when staff may be in the office on the weekend. This budget line item also includes all parking costs which have increased and storage for 421 Fayetteville Street.

Printing & Stationery: No change, \$6,000 - All stationery, envelopes, business cards and other administrative printing needs are included here. Materials for the new Greater Raleigh Sports Alliance are also budgeted in this line item.

Office Supplies: No change, \$18,050 - Budget for all office supplies and copier costs for GRCVB offices in Raleigh, DC sales office and Visitor Information Center.

Telephone/Cell/Wireless: .2% increase from \$47,502 to \$47,604 - GRCVB maintains office phone lines, staff cellular phones, iPads, conference call services and a 1-800 line. Web access provides productivity and efficiency for staff while travelling giving them the ability to conduct presentations using live video content from our website and stream video while making sales calls or at tradeshow.

Equipment Maintenance: .2% increase from \$13,700 to \$13,725 - Equipment maintenance includes all equipment warranties and maintenance fees. Expense also include software license fees for accounting programs Quick Books Enterprise and Expense Watch and anticipated maintenance for owned equipment that is no longer under warranty.

Local Transportation: .7% increase from \$26,000 to \$26,175 - GRCVB maintains two vehicles and reimburses staff for mileage based on the current IRS rates. For 2016/2017 there was a small increase for our roadside assistance program.

Professional Services: No change, \$126,238- Professional services line item includes annual audit, legal services and payment for other administrative services as needed. The management of the GRCVB IT infrastructure and cloud computing environment is also included.

Office Maintenance: 49.1% increase from \$14,546 to \$21,690 - Office recycling, record storage and visitor guide delivery service are included in the Office Maintenance line item. Increase in budget is for record retention costs for GRCVB documents and also for increased visitor guide delivery costs.

Insurance: .8% increase from \$22,670 to \$22,850 - GRCVB maintains workers comp, Board of Directors D&O, general liability and equipment insurance for all locations.

Equipment Leases: 5.1% decrease \$55,404 to \$52,552- Leases are maintained on company vehicles, copier, printers, postage machine, computers and conference room equipment. GRCVB Office 2013 software \$1 buyout lease ended in 2015.

Property & Use Tax: No change, \$1,700.

Employee Benefits: 9.9% increase from \$407,075 to \$447,320 - Health insurance, group hospital confinement indemnity insurance, vision, dental, short term and long term disability insurance are provided for full time employees. Healthcare premium projected increase of 15%. GRCVB also matches employee retirement contributions up to 5% and provides a 2% automatic contribution to the plan based on employee compensation.

Postage: No change \$30,996 - Postage includes all mailing of visitor guides, promotional materials, ad lead fulfillment and tradeshow booth shipping.

Equipment /Software/Improvements: 72.8% increase from \$42,900 to \$74,150 - Software purchases and upgrades include Acrobat Professional, Creative Suites, FileShare, Office 365 and Business Continuity. Bulk of increase is for budgeted upgrades for the Visitor Information Center and for replacement of network switches that provide failover and business continuity for network failure points. Contingency funds are budgeted for servers and other equipment as needed.

**2016/2017 GRCVB
Budget By Department**



	2016/2017 Proposed Budget	2015/2016 Budget Revised
Anticipated GRCVB Revenue		
Hotel Occupancy Tax	\$5,476,017 *	\$4,852,000
Prepared Food & Beverage Tax	675,000	675,000
Convention Center Marketing	100,000	100,000
Annual Meeting	43,000	42,480
Destination Travel Network	100,000	100,000
Dividends	1,000	1,000
Interest	7,500	7,500
Reserves (Over Collections from 14/15 & 15/16 Budget Years)	400,000	500,000
Total Operating Income	6,802,517	6,277,980
 Other Program Revenue - IBMA, Ironman 70.3	 316,500	 416,850
TOTAL	\$7,119,017	\$6,694,830

Anticipated GRCVB Expenses**

Administration	1,778,718	\$1,730,152
Sales	1,313,212	1,173,004
Services and Visitor Information Center	407,932	370,004
Communications	232,193	164,599
Marketing	1,628,277	1,456,886
Sports Marketing	1,132,663	1,093,320
Information Technology	309,521	290,015
Other Program Expenses	316,500	416,850
TOTAL	\$7,119,017	\$6,694,830

*Hotel Occupancy number provided by Wake County Budget Office. Wake County predicts occupancy tax for 15/16 will be \$23,636,000 and is budgeting for an increase of 3% in occupancy tax collections for the 16/17 budget year. GRCVB receives a portion of those taxes based on a tiered formula.

**For this presentation salaries and payroll taxes are allocated by department



GRCVB BUDGET - EXPENSE COMPARISONS

ACCT NO.	CHART OF ACCOUNTS	2015/2016 BUDGET (Rev)	2016/2017 Proposed	Variance	Percentage Inc/Dec
5010	Salaries & Wages	\$2,103,440	\$2,235,050	\$131,610	6.3%
5020	Payroll Taxes	145,170	154,316	9,146	6.3%
5120-5170	Travel & Entertainment	134,570	151,650	17,080	12.7%
5200-5360	Marketing & Advertising	2,838,857	3,015,919	177,062	6.2%
5920	Event Promotion	400,000	400,000	0	0.0%

ADMINISTRATIVE EXPENSES

5400	Administration	1,072,794	1,162,082	89,288	8.3%
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(Breakdown of Administration Accounts on Next Page)

TOTAL EXPENSES	\$6,694,830	\$7,119,017	\$424,187	6.3%
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5200-5360	Marketing & Advertising	2,838,857	3,015,919	177,062	6.2%
5920	Event Promotion	400,000	400,000	0	0.0%
ADMINISTRATIVE EXPENSES					
5400	Dues & Subscriptions	83,181	88,931	5,750	6.9%
5430	Education & Training	25,800	28,275	2,475	9.6%
5410	Rent	151,032	155,826	4,794	3.2%
5420	Printing & Stationery	6,000	6,000	0	0.0%
5440	Office Supplies	18,050	18,050	0	0.0%
5450	Telephone/Cell/Wireless	47,502	47,604	102	0.2%
5460	Equipment Maintenance	13,700	13,725	25	0.2%
5470	Local Transportation	26,000	26,175	175	0.7%
5480	Professional Services	126,238	126,238	0	0.0%
5500	Office Maintenance	14,546	21,690	7,144	49.1%
5510	Insurance	22,670	22,850	180	0.8%
5530	Equipment Leases	55,404	52,552	-2,852	-5.1%
5540	Property & Use Tax	1,700	1,700	0	0.0%
5560	Employee Benefits	407,075	447,320	40,245	9.9%
5570	Postage	30,996	30,996	0	0.0%
5590	Equipment/Software Purchases	42,900	74,150	31,250	72.8%
	Total Administrative Expenses	1,072,794	1,162,082	89,288	8.3%
	TOTAL EXPENSES	\$6,694,830	\$7,119,017	\$424,187	6.3%

GRCVB Budget Revenue

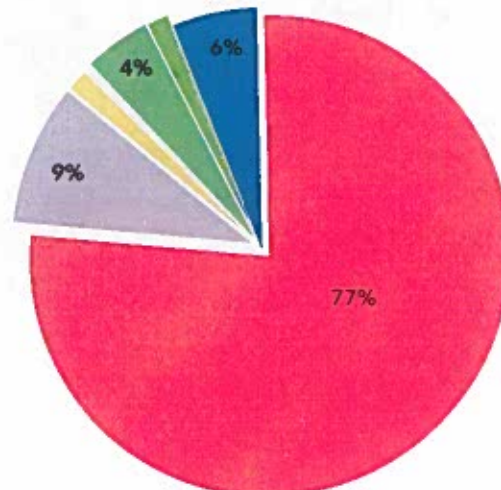
2016-2017



	2016/2017	2015/2016
Hotel Occupancy Tax	\$5,476,017	\$4,852,000
Prepared Food & Beverage Tax	\$675,000	\$675,000
Convention Center Marketing	\$100,000	\$100,000
Annual Meeting	\$43,000	\$42,480
Destination Travel Network	\$100,000	\$100,000
Dividends	\$1,000	\$1,000
Interest	\$7,500	\$7,500
Reserves (over collections from 14/15 & 15/16 budget years)	\$400,000	\$500,000
TOTAL operating income	\$6,802,517	\$6,277,980
Other program revenue IBMA, Ironman 70.3	\$316,500	\$416,850
TOTAL	\$7,119,017	\$6,694,830

Anticipated GRCVB Revenue

- Hotel Occupancy Tax
- Prepared Food & Beverage Tax
- Convention Center Marketing
- Annual Meeting
- Other program revenue
- Destination Travel Network
- Dividends
- Interest
- Reserves



GRCVB Budgeted Expenses*

2016-2017



	2016/2017	2015/2016
Administration	\$1,778,718	\$1,730,152
Sales	\$1,313,212	\$1,173,004
Services and Visitor Information Center	\$407,932	\$370,004
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GRCVB Budgeted Expenses
2015/2016

- Administration
- Sales
- Services and Visitor Information
- Communications
- Marketing
- Sports Marketing
- Information Technology
- Other program expenses

