



MEMORANDUM

To: Raleigh City Council
Wake County Commission

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

Date: May 3, 2018

Subject: GRCVB Budget 2018-2019

The 2018/2019 proposed budget follows for your review. Overall the GRCVB is expecting a 3.7% or \$267,029 increase in budget from \$7,183,601 (revised 17/18 budget) to \$7,450,629.

INCOME

- Hotel Occupancy Tax income number is provided to the GRCVB by the Wake County Budget Office. Wake County is projecting that collections for 2017/2018 will be \$25,603,167 and then project that collections for 2018/2019 will increase 4% to \$26,627,294. The GRCVB receives a portion of those collections based on a tiered formula, \$6,077,629.
- The GRCVB portion of the Prepared Food and Beverage Tax is capped at \$675,000.
- Raleigh Convention Center will continue at \$130,000.
- Annual Meeting revenue is projected at \$47,000.
- Destination Travel Network (website advertising) is estimated at \$110,500.
- Other program revenue includes IBMA Local Organizing Committee income.

EXPENSES

The following are explanations of the budget variances for the proposed 2018/2019 budget versus the 2017/2018 revised budget:

Salaries & Wages: 2.7% increase from \$2,297,774 to \$2,360,749

- A 2% cost of living increase for 29 staff members is included in the budget for 2018/19.
- A new marketing staff member has been added to join the team in January 2019.

Payroll Taxes: 9.7% increase from \$150,688 to \$165,380 - FICA increase based on payroll.

Travel & Entertainment: 3.8% decrease from \$161,650 to \$155,495

- This line item includes staff travel for conferences. Decrease in budget is a result of decreasing number of attendees for two difference conferences staff attend.
- Also included in the budget are site visits for sales, services and public relations and local partner meetings for all departments.

Marketing & Advertising: Overall 4.7% increase, from \$3,063,829 to \$3,206,690

- **Sales: 2.8% decrease from \$375,350 to \$364,920**
 - Decrease in budget is result of sales department not hosting an advisory board meeting in 18/19.

- Sales budget includes funding for participation in 40 tradeshows, “Keeping It Home” agenda to attract corporate business.
- Sales will host promotional events and regional sales missions/calls to our key markets including Washington, DC, Philadelphia, Chicago and Atlanta.
- **Services – No change \$66,776**
 - Funding allocated to service all incoming groups with our Red Carpet Program.
 - Offer attendance promotion services to groups scheduled to come to Raleigh for their next conference.
 - Provide opportunities for partners to train on industry initiatives and continue to offer Guest Service Gold Training and See For Yourself tours.
- **Public Relations and International Tourism: 10% decrease from \$117,958 to \$105,583**
 - Decrease in budget is a reduction in grouped journalist familiarization trips to the area. The Public Relations department is focusing on hosting individual journalists and influencers.
 - Develop and distribute quarterly press releases to international media and work with local hoteliers to sign contracts with and get product into travel agents’ and receptive tour operators’ portfolios in key markets (Canada, U.K. and France).
 - Work with regional economic development groups such as RDU International Airport, Visit N. C. and others to develop a China-Ready strategy and aid the broader regional economic development effort to bring a flight from China to RDU.
- **Marketing: 1% increase from \$1,321,264 to \$1,327,182**
 - Total expected advertising spend for local/leisure, group and sports is \$623,277.
 - Visitor Guide production is included in the marketing budget along with promotional items and materials for all departments.
 - 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) – 1.5% decrease from \$295,000 to \$290,350**
 - For 2018/2019 Sports will help host/service over 30 events including USA Archery National Junior Target Championships, USSSA Baseball Atlantic Coast World Series, USA Swimming Futures Championships, Senior Softball USA Southern Championships and the NCAA Women’s College Cup. Decrease in budget due to Rock ‘n’ Roll and Ironman events not being held in 2019.
 - Sports Marketing staff will attend 14 tradeshows including the NCAA Annual Convention and XLIVE Esports.
 - Gain better understanding of esports and how to bring this fast-emerging and rapidly changing industry to the area.
- **Information Technology: 9% increase from \$94,416 to \$103,028**
 - Increase in budget is for increased fees for Content Management System (CMs) and Content Relationship Management Systems (CRM).
 - Cyber security improvements
- **Administration: 11% increase from \$853,532 to \$948,851**
 - Increase in budget is for implementation of Destination Strategic Plan and also the Business Opportunity Fund. The results of the Destination Strategic Plan will be released at the annual meeting. GRCVB executive team will plot course of action and form an Advisory Committee to continue the advocacy and implementation of the 10-year comprehensive plan.

- Funding included for 2nd Annual Hospitality Job Fair Work with N.C. Restaurant and Lodging Association, Capital Area Workforce Development and Raleigh Convention Center.
- Serve as administrative organization for IBMA Local Organizing Committee.

Event Promotion: Sports Event Investment Program (SEIP) \$335,000

- 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 and Advertising.

ADMINISTRATIVE EXPENSES

Dues & Subscriptions: 5.8% increase from \$94,017 to \$99,429

- Destinations International membership dues are increasing as of 7/1/18
- 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: 15% decrease from \$24,125 to \$20,500

- Decrease is for Guest Service Gold Training. Two training sessions will be held instead of 4
- 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 and Human Resources to maintain the Certified Government Financial Manager (CGFM) designation.
- See For Yourself Tours offered to local partners to educate on Wake County amenities.

Rent/Parking: 9.7% increase from \$206,236 to \$226,286

- Increase is for budgeting for full year for additional office space for GRCVB offices located at One City Plaza.
- Parking costs for staff and guest parking at the One City Plaza also included.

Printing & Stationery: No change, \$6,000

- All stationery, envelopes, business cards and other administrative printing needs are included here.

Office Supplies: 1.4% decrease from \$18,050 to \$17,800

- Budget for all office supplies and copier costs for GRCVB offices in Raleigh, DC sales office and Visitor Information Center.

Telephone/Cell/Wireless: 12.1% increase from \$50,412 to \$56,520

- Addition of one cell phone line for new staff member at GRCVB beginning 1/1/19 and increased fees for cellular and data service.
- GRCVB maintains office phone lines, staff cellular phones, iPads, conference call services and a 1-800 line.

Equipment Maintenance: 11.1% increase from \$13,925 to \$15,475

- Increased licensing fees for Quickbooks Enterprise accounting software and Expense Watch expense reporting and invoice approval system.
- Equipment maintenance includes all equipment warranties and maintenance fees.

Local Transportation: 1.2% increase from \$26,175 to \$26,500

- GRCVB maintains two vehicles and reimburses staff for mileage based on the current IRS rates.

Professional Services: 3.9% increase from \$118,808 to \$123,450

- Increase for consultant to provide needs assessment for new marketing staff position that will help to service marketing needs for sales, services and sports departments.
- Annual annual audit, legal services and management of the GRCVB IT infrastructure and cloud computing environment is also included in budget.

Office Maintenance: No Change \$19,890

- Office recycling, record storage and visitor guide delivery service are included in the Office Maintenance line item.

Insurance: 4.7% increase from \$25,266 to \$26,466

- GRCVB maintains workers comp, Board of Directors D&O, general liability and equipment insurance for all locations.

Equipment Leases: 5.3% increase \$57,744 to \$60,832

- Increase is for new copier lease for marketing department and for new computer lease for graphic designer.
- Leases are maintained on company vehicles, printers, postage machine, computers and conference room equipment.

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

Employee Benefits: 9.2% increase from \$411,511 to \$449,411

- Increase is for anticipated premium increases for health insurance, group hospital confinement indemnity insurance, vision, dental, short term and long-term disability insurance provided for full time employees. Healthcare premium projected increase of 10%.
- 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: 42.3% decrease from \$79,850 to \$46,060

- In prior year GRCVB had budgeted for office furniture and accessories for new office space
- Software purchases and upgrades include Acrobat Professional, Creative Suites, FileShare, Office 365 and Distil for website security.
- Monies allocated for server replacement and replacement of cameras and televisions in the Visitor Information Center.

GRCVB Budget Revenue

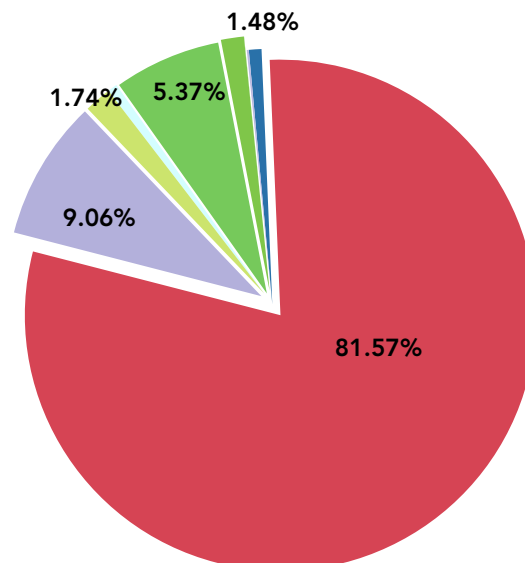
2018-2019



	2018/2019 Proposed budget	Percentage of budget	2017/2018 Budget revised	Percentage of budget
Hotel Occupancy Tax	\$6,077,629*	81.57%	\$5,748,996	80.03%
Prepared Food & Beverage Tax	\$675,000	9.06%	\$675,000	9.4%
Convention Center Marketing	\$130,000	1.74%	\$130,000	1.81%
Annual Meeting	\$47,000	.63%	\$43,000	.60%
Destination Travel Network	\$110,500	1.48%	\$110,500	1.54%
Dividends	\$1,000	.01%	\$1,000	.01%
Interest	\$9,500	.13%	\$9,500	.13%
Reserves (over collections from 15/16 & 16/17 budget years)	\$0		\$60,747	.85%
TOTAL operating income	\$7,039,574		\$6,778,743	
Other program revenue IBMA	\$400,000	5.37%	\$404,858	5.64%
TOTAL	\$7,450,629		\$7,183,601	

Anticipated GRCVB Revenue 2018/2019

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



*Hotel occupancy number provided by Wake County Budget Office. Wake County predicts occupancy tax for 17/18 will be \$25,603,167 and is budgeting for an increase of 4% in occupancy tax collections for the 18/19 budget year. GRCVB receives a portion of those taxes based on a tiered formula.



GRCVB BUDGET - EXPENSE COMPARISONS

ACCT NO.	CHART OF ACCOUNTS	2017/18 BUDGET (Revised)	2018/2019 Proposed	Variance	Percentage Inc/Dec
5010	Salaries & Wages	\$2,297,774	\$2,360,749	\$62,975	2.7%
5020	Payroll Taxes	150,688	165,380	14,692	9.7%
5120-5170	Travel & Entertainment	161,605	155,495	-6,110	-3.8%
5200-5380	Marketing & Advertising (Includes IBMA LOC Expenses)	3,063,829	3,206,690	142,861	4.7%
5920	SEIP Event Promotion	325,000	335,000	10,000	3.1%
ADMINISTRATIVE EXPENSES (see next page for breakdown of administrative expenses)					
	Total Administrative Expenses	<u>1,184,705</u>	<u>1,227,315</u>	<u>42,610</u>	3.6%
	TOTAL EXPENSES	<u><u>\$7,183,601</u></u>	<u><u>\$7,450,629</u></u>	<u><u>\$267,029</u></u>	3.7%



GRCVB BUDGET - EXPENSE COMPARISONS

ACCT NO.	CHART OF ACCOUNTS	2017/18 BUDGET (Revised)	2018/2019 Proposed	Variance	Percentage Inc/Dec
5010	Salaries & Wages	\$2,297,774	\$2,360,749	\$62,975	2.7%
5020	Payroll Taxes	150,688	165,380	14,692	9.7%
5120-5170	Travel & Entertainment	161,605	155,495	-6,110	-3.8%
5200-5380	Marketing & Advertising (Includes IBMA LOC Expenses)	3,063,829	3,206,690	142,861	4.7%
5920	SEIP Event Promotion	325,000	335,000	10,000	3.1%
ADMINISTRATIVE EXPENSES					
5400	Dues & Subscriptions	94,017	99,429	5,412	5.8%
5430	Education & Training	24,125	20,500	-3,625	-15.0%
5410	Rent/Parking	206,236	226,286	20,050	9.7%
5420	Printing & Stationery	6,000	6,000	0	0.0%
5440	Office Supplies	18,050	17,800	-250	-1.4%
5450	Telephone/Cell/Wireless	50,412	56,520	6,108	12.1%
5460	Equipment Maintenance	13,925	15,475	1,550	11.1%
5470	Local Transportation	26,175	26,500	325	1.2%
5480	Professional Services	118,808	123,450	4,642	3.9%
5500	Office Maintenance	19,890	19,890	0	0.0%
5510	Insurance	25,266	26,466	1,200	4.7%
5530	Equipment Leases	57,744	60,832	3,088	5.3%
5540	Property & Use Tax	1,700	1,700	0	0.0%
5560	Employee Benefits	411,511	449,411	37,900	9.2%
5570	Postage	30,996	30,996	0	0.0%
5590	Equipment/Software Purchases	79,850	46,060	-33,790	-42.3%
	Total Administrative Expenses	1,184,705	1,227,315	42,610	
	TOTAL EXPENSES	\$7,183,601	\$7,450,629	\$267,029	3.7%

GRCVB Budget Expenses*

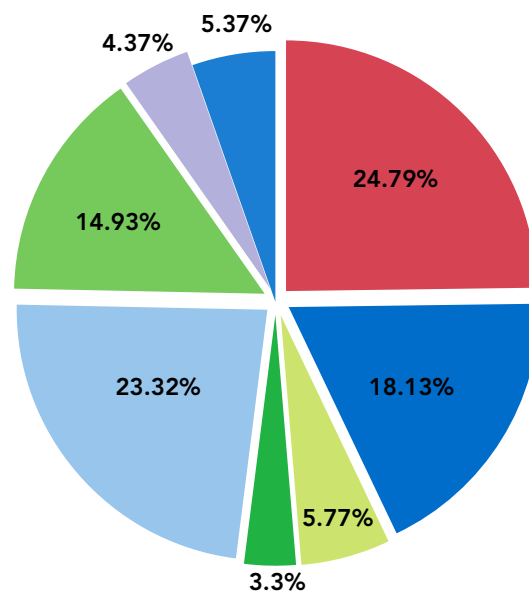
2018-2019



	2018/2019 Proposed budget	Percentage of budget	2017/2018 Budget revised	Percentage of budget
Administration	\$1,835,756	24.79%	\$1,676,014	23.33%
Sales	\$1,350,891	18.13%	\$1,254,043	17.46%
Services and Visitor Information Center	\$429,409	5.77%	\$415,248	5.78%
Public Relations and International Tourism	\$247,510	3.32%	\$253,304	3.53%
Marketing and Communications	\$1,737,567	23.32%	\$1,654,375	23.03%
Sports Marketing	\$1,112,567	14.93%	\$1,085,925	15.12%
Information Technology	\$325,874	4.37%	\$329,692	4.59%
Other program expenses	\$400,000	5.37%	\$515,000	7.17%
TOTAL	\$7,439,574		\$7,183,601	

GRCVB Budgeted Expenses 2018/2019

- Administration
- Sales
- Services and Visitor Information Center
- Public Relations and International Tourism
- Marketing and Communications
- Sports Marketing
- Information Technology
- Other program expenses



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