



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, 2019

Subject: GRCVB Budget 2019-2020

The 2019/2020 proposed budget follows for your review. Overall the GRCVB is expecting a 16.6% or \$1,232,967 increase in budget from \$7,420,034 (revised 18/19 budget) to \$8,653,000.

INCOME

- Hotel Occupancy Tax income number is provided to the GRCVB by the Wake County Budget Office. Wake County is projecting that collections for 2018/2019 will be \$28,864,000 and then project that collections for 2019/2020 will increase 4% to \$30,019,000. The GRCVB receives a portion of those collections based on a tiered formula, \$6,915,000.
- 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 \$55,000.
- Destination Travel Network (website advertising) is estimated at \$115,000
- Other program revenue includes IBMA Local Organizing Committee income, \$400,000.

EXPENSES

The following are explanations of the budget variances for the proposed 2019/2020 budget versus the 2018/2019 revised budget:

Salaries & Wages: 10.8% increase from \$2,360,749 to \$2,615,930

- GRCVB reviewed salary survey data from Destinations International, Destination Marketing Association of North Carolina and Payscale. Salaries updated for most employees to be in line with survey results and to be competitive in the Raleigh marketplace.
- A new sports sales manager has been added to join the team in July 2019.

Payroll Taxes: 13% increase from \$165,380 to \$186,933 - FICA increase based on payroll.

Travel & Entertainment: 44.8% increase from \$155,495 to \$225,090

- Increase in professional development and education offerings including Simpleview Summit and Destinations International annual meeting and departmental related summits.
- Increase for client site visits for all departments due to higher demand and interest in the area.

Marketing & Advertising: Overall 19.7% increase, from \$3,176,095 (revised) to \$3,800,242

- **Sales:** 17.8% increase from \$364,920 to \$429,930

- Sales budget includes funding for participation in 40 tradeshows. Increase in budget is result of increased number of tradeshows and rising costs for registration and shipping.
- Sales will host visitRaleigh Meeting Professionals Summit for planners located in Wake County and surrounding areas. Also included are meetings with leaders who represent Raleigh/Wake County meeting districts Sales will host promotional events and regional sales missions/calls to our key markets including Washington, DC, Philadelphia, Chicago and Atlanta.
- **Services – 11.5% increase from \$66,776 to \$74,476**
 - Increase in budget for attendance promotion and welcome services.
 - Services team plans to use Destinations International's "CVB Attendance Promotion Practices" as a guideline for revitalizing our services offered to convention groups.
 - Continue to 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: 9.7% increase from \$105,583 to \$115,775**
 - Increase in budget is due to increase in media monitoring software fees and for international visitation research through Tourism Economics.
 - Partnering with VisitNC to attend the WTM London tradeshow in November (attendance 53k) as well as attendance at 14 other customer events, within the US and Canada, to promote Raleigh N.C. Will host a pop-up restaurant event with Chef Ashley Christensen in Paris.
 - Serves on the Wake County Economic Development Foreign Investment Committee and the department will develop and execute a proactive sales training program with travel agents and receptive tour operators to generate more bookings of F.I.T. in Wake County.
- **Marketing: 15.1% increase from \$1,327,182 to \$1,527,301**
 - Total expected advertising spend for local/leisure, group and sports is \$792,277.
 - Visitor Guide production is included in the marketing budget along with promotional items and materials for all departments.
 - Implement Arrivalist platform to gather visitor data within Wake County.
 - Increased community engagement programs.
 - Funds also allocated for search engine optimization and pay per click services for leisure and sales.
- **Sports Marketing (GRSA) – 10.1% increase from \$290,350 to \$319,700**
 - For 2019/2020 Sports will help host/service over 30 events including USBA Boys & Girls National Championships, Major League Fishing and USA Wrestling World Team Trials. Sports will also support NCAA events including Men's College Cup, Women's Golf Regional and the DII Baseball World Series.
 - Sports Marketing staff will attend 15 tradeshows including the NCAA Annual Convention and US Sports Congress.
 - Continue to better understand esports and how to bring this fast-emerging and rapidly changing industry to the area.
- **Information Technology: 55% increase from \$103,028 to \$160,288**
 - Increase in budget is for increased fees for Content Management System (CMS) and updated Content Relationship Management Systems (CRM) and for City of Raleigh API for events sharing

- **Administration: 27.7% increase from \$918,256 (revised) to \$1,172,772**
 - Increase in budget is for GRCVB Annual Meeting, Lodging Econometrics for hotel development tracking and increased commitment for IBMA.
 - Destination Strategic Plan implementation including contract for economic impact analyst to assist municipalities in measuring the impact of sporting events and festivals.
 - Hiring of e-sports consultant to assist in identifying e-sports opportunities to bring to the area and act as a technology liaison between our venues and the customer.
 - Funding included for 3rd Annual Hospitality Job Fair Work with N.C. Restaurant and Lodging Association, Capital Area Workforce Development and Raleigh Convention Center.
 - Business Incubator Fund will be used for last minute bid or marketing opportunities for sales, sports and leisure initiatives.
 - Serve as administrative organization for IBMA Local Organizing Committee.

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 and Advertising.

ADMINISTRATIVE EXPENSES

Dues & Subscriptions: 15.3% increase from \$99,429 to \$114,680

- Budget increase for GoDaddy domain renewals and Certified Destination Marketing Executive dues/fees for Director of Public Relations and International Tourism.
- 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: 22.4% increase from \$20,500 to \$25,090

- Increase for Guest Service Gold Program, See-For-Yourself Tours and staff IT training.
- 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.

Rent/Parking: 8% increase from \$226,286 to \$244,435

- Rent increase for 2nd floor office space per lease and also increase in staff parking/guest parking charges at One City Plaza.

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

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

Office Supplies: 6.7% increase from \$17,800 to \$19,000

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

Telephone/Cell/Wireless: 3.2% increase from \$56,520 to \$58,320

- Addition of one cell phone line for new staff member at GRCVB beginning 7/1/19 and added Verizon Push to Talk service.
- GRCVB maintains office phone lines, staff cellular phones, iPads, conference call services and a 1-800 line.

Equipment Maintenance: 16.6% increase from \$15,475 to \$18,050

- 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: 5.7% increase from \$26,500 to \$28,000

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

Professional Services: 5.3% decrease from \$123,450 to \$1116,900

- Cloud services charges from Celito.net have decreased.
- Included funds for consultants for team building activities.
- Annual annual audit, legal services and management of the GRCVB IT infrastructure and cloud computing environment are also included in budget.

Office Maintenance: 7.1% increase from \$19,890 to \$21,310

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

Insurance: 13.4% increase from \$26,466 to \$30,000

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

Equipment Leases: .3% increase \$60,832 to \$61,020

- Leases are maintained on company vehicles, printers, postage machine, computers and conference room equipment.

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

Employee Benefits: 5.1% increase from \$449,411 to \$472,500

- 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% 18.19 premium.
- GRCVB also matches employee retirement contributions up to 5% and provides a 2% automatic contribution to the plan based on employee compensation.

Postage: 5.1% increase from \$30,996 to \$36,000

- Increase for ad lead fulfillment.
- Postage includes all mailing of visitor guides, promotional materials, ad lead fulfillment and tradeshow booth shipping.

Equipment /Software/Improvements: 273% increase from \$46,060 to \$171,800

- GRCVB is currently obtaining bids for office upgrades to the 15th floor offices at One City Plaza. Office will be updated to match carpet/paint/office furniture similar to our marketing and communications department office located on the 2nd floor of One City Plaza.
- Visitor Information Center upgrades are planned for our location in the connector between the Raleigh Marriott City Center and the Raleigh Convention Center.
- Monies allocated for server replacement and upgrade for staff cell phones.

GRCVB Budget Revenue

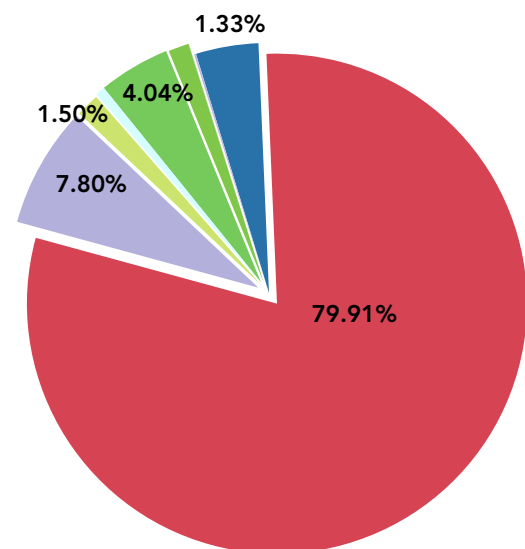
2019-2020



	2019/2020 Proposed budget	2018/2019 Budget revised
Hotel Occupancy Tax	\$6,915,000	\$6,077,629
Prepared Food & Beverage Tax	675,000	675,000
Convention Center Marketing	130,000	130,000
Annual Meeting	55,000	55,265
Destination Travel Network	115,000	110,500
Dividends	2,000	1,000
Interest	11,000	9,500
Reserves (over collections from 18/19 budget years)	\$350,000	0
TOTAL operating income	\$8,253,000	\$7,058,894
Other program revenue IBMA	\$400,000	\$361,140
TOTAL	\$8,653,000	\$7,420,034

Anticipated GRCVB Revenue

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



*Hotel Occupancy number provided by Wake County Budget Office. Wake County predicts occupancy tax for 18/19 will be \$28,864,000 and is budgeting for an increase of 4% in occupancy tax collections for the 19/20 budget year. GRCVB receives a portion of those taxes based on a tiered formula.

GRCVB Budgeted Expenses*

2019-2020

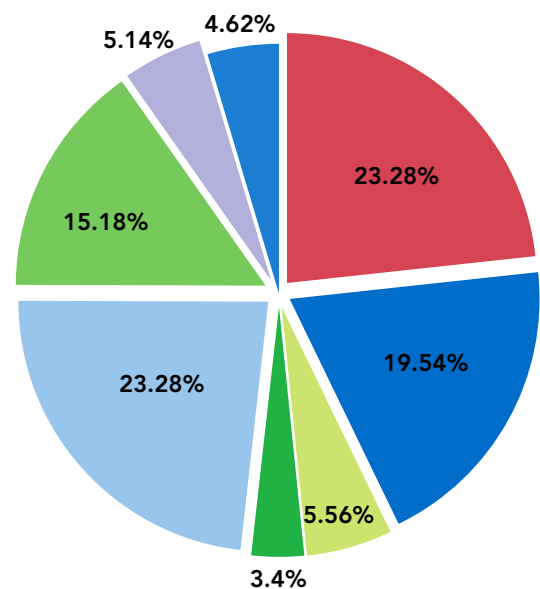


	2019/2020 Proposed budget	2018/2019 Budget revised
Administration	2,014,802	1,816,216
Sales	1,690,427	1,350,891
Services and Visitor Information Center	481,188	429,409
Public Relations and International Tourism	294,079	247,510
Marketing and Communications	2,014,027	1,737,567
Sports Marketing	1,313,348	1,112,567
Information Technology	445,129	325,874
Other Program Expenses	400,000	400,000
TOTAL	\$8,653,000	\$7,420,034

GRCVB Budgeted Expenses 2019/2020

- 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





GRCVB BUDGET - EXPENSE COMPARISONS

ACCT NO.	CHART OF ACCOUNTS	2018/2019 BUDGET (Revised)	2019/2020 Proposed	Variance	Percentage Inc/Dec
5010	Salaries & Wages	\$2,360,749	\$2,615,930	\$255,181	10.8%
5020	Payroll Taxes	165,380	186,933	21,553	13.0%
5120-5170	Travel & Entertainment	155,495	225,090	69,595	44.8%
5200-5380	Marketing & Advertising (Includes IBMA LOC Expenses)	3,176,095	3,800,242	624,147	19.7%
5920	SEIP Event Promotion	335,000	400,000	65,000	19.4%
ADMINISTRATIVE EXPENSES (see next page for breakdown of administrative expenses)					
	Total Administrative Expenses	<u>1,227,315</u>	<u>1,424,805</u>	<u>197,490</u>	16.1%
	TOTAL EXPENSES	<u>\$7,420,034</u>	<u>\$8,653,000</u>	<u>\$1,232,967</u>	16.6%



GRCVB BUDGET - EXPENSE COMPARISONS

ACCT NO.	CHART OF ACCOUNTS	2018/19 BUDGET (Revised)	2019/2020 Proposed	Variance	Percentage Inc/Dec
5010	Salaries & Wages	\$2,360,749	\$2,615,930	\$255,181	10.8%
5020	Payroll Taxes	165,380	186,933	21,553	13.0%
5120-5170	Travel & Entertainment	155,495	225,090	69,595	44.8%
5200-5380	Marketing & Advertising (Includes IBMA LOC Expenses)	3,176,095	3,800,242	624,147	19.7%
5920	SEIP Event Promotion	335,000	400,000	65,000	19.4%
ADMINISTRATIVE EXPENSES					
5400	Dues & Subscriptions	99,429	114,680	15,251	15.3%
5430	Education & Training	20,500	25,090	4,590	22.4%
5410	Rent/Parking	226,286	244,435	18,149	8.0%
5420	Printing & Stationery	6,000	6,000	0	0.0%
5440	Office Supplies	17,800	19,000	1,200	6.7%
5450	Telephone/Cell/Wireless	56,520	58,320	1,800	3.2%
5460	Equipment Maintenance	15,475	18,050	2,575	16.6%
5470	Local Transportation	26,500	28,000	1,500	5.7%
5480	Professional Services	123,450	116,900	-6,550	-5.3%
5500	Office Maintenance	19,890	21,310	1,420	7.1%
5510	Insurance	26,466	30,000	3,534	13.4%
5530	Equipment Leases	60,832	61,020	188	0.3%
5540	Property & Use Tax	1,700	1,700	0	0.0%
5560	Employee Benefits	449,411	472,500	23,089	5.1%
5570	Postage	30,996	36,000	5,004	16.1%
5590	Equipment/Software Purchases/Office & VIC Upgrades	46,060	171,800	125,740	273.0%
	Total Administrative Expenses	1,227,315	1,424,805	197,490	
	TOTAL EXPENSES	\$7,420,034	\$8,653,000	\$1,232,967	16.6%