



MEMORANDUM

To: Wake County Commission

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

Date: June 2, 2021

Subject: GRCVB Budget 2021-2022

The 2021/2022 proposed budget of \$8,573,224 follows for your review. This budget proposal brings us back to pre-COVID budget levels and activity levels on par with our 2019/2020 budget presentation of \$8,653,000.

Due to funding from ongoing sources and additional proposed funding from Wake County through the American Rescue Plan Act of 2021, the GRCVB is proposing a total budget of \$8,573,224. This is a 45.2% or \$2,669,046 increase in budget from the revised 2020/2021 budget \$5,904,178. Original budget for 2020/2021 was \$6,570,500 and was revised by the GRCVB Board of Directors in January 2021. As noted above, this budget supports activity levels across all departments similar to the pre-COVID levels.

INCOME

- Hotel Occupancy Tax income number is provided to the GRCVB by the Wake County Budget Office. Wake County is projecting that collections for 2021/2022 will be \$17,329,000. The GRCVB receives a portion of those collections based on a tiered formula, \$3,742,053.
- The GRCVB portion of the Prepared Food and Beverage Tax is capped at \$675,000.
- The American Rescue Plan approved by Congress in March 2021 provides funds to local governments to replace lost public sector revenue. Since the GRCVB is dependent on Occupancy Tax revenues, on May 17, 2021, the Wake County Board of Commissioners authorized a distribution of \$1.3m to GRCVB to address FY20 and FY21 revenue losses. The Commissioners will consider an additional \$1.37M distribution in June 2021.
- Destination Travel Network (website advertising) is estimated at \$80,000.
- Other program revenue includes Annual Meeting \$5,000 and IBMA Local Organizing Committee income, \$300,000.
- Reserves \$1,095,171 - The GRCVB received a second PPP draw of \$515,485, that had not been anticipated, which funded a portion of salaries and other allowable expenses in 2020/2021. Total reserves requested include a combination of PPP draw, other expense savings incurred in the prior year and higher than anticipated occupancy tax collections.

EXPENSES

The following are explanations of the budget variances for the proposed 2021/2022 budget versus the 2020/2021 budget-revised January 2021:

Salaries & Wages: Increase from \$2,250,185 to \$2,715,152

- In April 2020 all staff took a 10% pay cut and that pay cut will remain in place until June 30, 2021. A hiring freeze was also in place for 2020/2021 and three staff positions remain open. For 2021/2022 budget staff salaries have been reinstated as of July 1, 2021. A cost-of-living increase of 3% has been included for all positions.
- Monies included to bring back services manager, sales coordinator, office manager/executive assistant, visitor guide delivery staff member and weekend Visitor Information Center assistance effective July 1, 2021. Overtime allowance for non-exempt positions also budgeted.

Payroll Taxes: Increase from \$158,000 to \$207,024 - FICA increase based on payroll.

Travel & Entertainment: Increase from \$30,340 to \$230,540

- Client site visits for all departments have been reinstated.
- Professional development and education offerings including Simpleview Summit, VisitNC 365, Destinations International annual meeting and departmental related summits.
- Intercity visits, chamber retreats and various partner meetings.

Marketing & Advertising: Increase from \$681,100 to \$3,470,539

- **Sales: Increase from \$9,240 to \$429,930**
 - Sales budget includes funding for participation in 27 tradeshows and for travel to various markets to participate in industry events.
 - Sales will host promotional events and regional sales missions/calls to our key markets including Washington, DC, Philadelphia, Chicago and Atlanta.
 - Leverage sales and marketing opportunities through participation with various industry organizations.
- **Services – Increase from \$44,675 to \$74,476**
 - Services team will continue to use Destinations International’s “CVB Attendance Promotion Practices” as a guideline for enhancing our services offered to convention groups.
 - Event servicing for an increase in arriving groups.
- **Public Relations and International Tourism: Increase from \$6,500 to \$81,500**
 - Partnering with VisitNC for regional, in-state and Canada media missions and with GRCVB sales department for in-market and out-of-market events.
 - 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.
 - Leverage promotions around international flight returns in partnership with Visit NC, Brand USA and TravelSouth.
- **Marketing and Communications: Increase from \$268,197 to \$1,650,406**
 - Advertising for Leisure, Meetings and Sports
 - Social media advertising, photography and creative agency fees included.
 - Promotional items for all departments and People-First Tourism contract.
 - Funds allocated for research including visitor profile, volume and spending data.
- **Sports Marketing (GRSA) Increase from \$159,750 to \$311,635**
 - For 2021/2022 Sports is scheduled to help host/service over 35 events including ACC Men’s & Women’s Soccer Championships, USSSA World Series, VisitRaleigh.com National Soccer Series. Sports will also support NCAA events including Men’s College Cup and DII Baseball World Series.
 - Funds budgeted to service NHL Stadium Series.

- Increased focus on esports and supporting upcoming esports events.
- **Information Technology: Increase from \$51,868 to \$91,692**
 - Budget includes AudioEye, ActOn marketing automation and commission expense for DTN advertising.
 - Funding to support the VisitRaleigh Studio components which include Threshold360 virtual tours and drone footage.
- **Administration: Increase from \$140,900 to \$930,900**
 - GRCVB commitment for NHL Stadium Series and IBMA per current memorandum of understanding.
 - Continued funding for esports 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.
 - 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.

Signature Event Development Pilot (SEDP) Program: \$100,000

- Funding for signature events and blockbuster exhibitions. These funds are intended to be a source of support for the nurturing of events which have potential for significant economic impact to be derived from individual leisure tourism throughout Wake County.
- All Signature Event Development Fund requests are approved by the GRCVB Board of Directors. Any unused funds will be transferred to Marketing and Advertising.

ADMINISTRATIVE EXPENSES

Dues & Subscriptions: Increase from \$63,566 to \$106,322

- GRCVB maintains and will also reinstate memberships in local, state, regional and national organizations to build customer relations and receive education, research and information on advocacy issues.

Education & Training: Increase from \$3,745 to \$24,680

- 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.
- Guest Service Gold Program and See-For-Yourself tours reinstated.

Rent/Parking: Increase from \$257,545 to \$274,862

- Rent increase for 15th and 2nd floor office space per lease and also increase in staff parking/guest parking charges at One City Plaza.

Printing & Stationery: Increase from \$2,000 to \$2,500

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

Office Supplies: Increase from \$12,000 to \$14,200

- Budget for all office supplies and copier costs for GRCVB offices and Visitor Information Center.

Telephone/Cell/Wireless: Increase from \$55,980 to \$60,623

- GRCVB maintains office phone lines, staff cellular phones, iPads, conference call services and a 1-800 line.

Equipment Maintenance: Increase from \$18,782 to \$19,950

- 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: Increase from \$23,450 to \$26,150

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

Professional Services: Increase from \$124,400 to \$155,650

- Annual audit, legal services and management of the GRCVB IT infrastructure and cloud computing environment are included in budget. Audit fee increased due to additional audit services required on receipt of federal funding.
- Imaging and other deployment costs for new laptop computer lease.

Office Maintenance: Increase from \$14,170 to \$17,425

- Visitor guide storage and delivery service are included in the Office Maintenance line item.

Insurance: Increase from \$28,500 to \$35,500

- GRCVB maintains workers comp, Board of Directors D&O, general liability and equipment insurance for all locations. Also bond in place for Director of Finance and Human Resources and Office Manager/Executive Assistant.

Equipment Leases: Increase \$62,510 to \$75,280

- Leases are maintained on company vehicles, printers, postage machine and laptop computers.

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

Employee Benefits: Increase from \$447,855 to \$503,226

- Increase is for anticipated premium increases group hospital confinement indemnity insurance, vision, dental, short term and long-term disability insurance provided for full time employees. Healthcare premium decreased 2.7% for FY22.
- GRCVB Medical Flexible Spending contribution of \$250 for full time employees for the 2020/2021 year.
- GRCVB matches employee retirement contributions up to 5%. The 2% automatic contribution to retirement for staff will be reinstated July 1, 2021.

Postage: No change \$22,500

- Postage includes all mailing of visitor guides, promotional materials, ad lead fulfillment.

Equipment /Software/Improvements: 28.6% increase from \$85,100 to \$109,400

- Monies allocated for server replacement if needed.
- Software includes Office365, Citrix Sharefile, LastPass, Knowbe4 and Adobe Creative Suites subscriptions.

GRCVB Budgeted Revenue

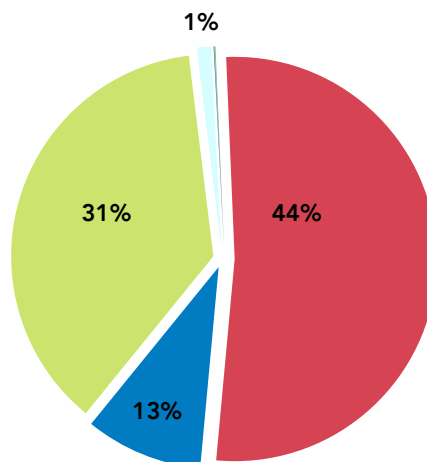
2021-2022



	2021/2022 Proposed budget	2020/2021 Budget revised
Hotel Occupancy Tax	\$3,742,053 *	\$2,909,748
Prepared Food & Beverage Tax	675,000	675,000
Wake County, American Rescue Plan (contingent upon approval)	2,670,000	0
Destination Travel Network	80,000	40,000
Dividends	4,000	4,000
Interest	2,000	2,000
Annual Meeting	5,000	0
CARES Act—Wake County	0	1,250,000
CARES Act—Visit NC	0	10,750
PPP Loan (first draw received Feb. 2021)	0	512,680
Reserves (includes second draw PPP Loan, received April 2021)	1,095,171	500,000
TOTAL operating income	8,273,224	5,904,178
Other program revenue IBMA Local Organizing Committee	300,000	0
TOTAL	\$8,573,224	\$5,904,178

Anticipated GRCVB Revenue

- Hotel Occupancy Tax
- Prepared Food & Beverage Tax
- Wake County, American Rescue Plan
- Destination Travel Network
- Dividends
- Interest
- Annual Meeting
- Reserves
- Other Program Revenue



*Hotel occupancy number provided by Wake County Budget Office. Wake County predicts occupancy tax for 21/22 will be \$17,329,000. GRCVB receives a portion of those taxes based on a tiered formula.

GRCVB Budgeted Expenses*

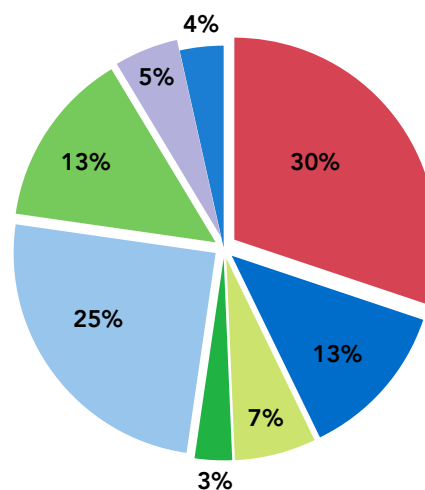
2021-2022



	2021/2022 Proposed budget	2020/2021 Budget revised
Administration	2,584,275	1,842,633
Sales	1,085,140	316,425
Services and Visitor Information Center	559,012	459,600
Public Relations and International Tourism	255,645	47,893
Marketing and Communications	2,140,089	736,321
Sports Marketing	1,209,462	1,083,069
Information Technology	439,601	157,487
CARES Act—Wake County	0	1,250,000
CARES Act—Visit NC	0	10,750
Other Program Expenses	300,000	0
TOTAL	\$8,573,224	\$5,904,178

GRCVB Budgeted Expenses 2021/2022

- 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 - INCOME

A CHART OF ACCOUNTS	2019/2020	2021/2022		Total 2021/2022 if additional funding approved
	Original budget (budget was not revised, spending restrictions put in place)	Budget Proposal, Includes \$1.3m ARPA funds approved by Wake County Commission on 5/17/21	Additional ARPA Funding Request	
Hotel Occupancy Tax	\$6,915,000	\$3,742,053		\$3,742,053
Prepared Food and Beverage Tax	675,000	675,000		675,000
Wake County, American Rescue Plan (Contingent upon approval by Wake County Commission)				
Approved 5/17/2021 Work Session	0	1,300,000		1,300,000
For Discussion/Request for Approval 6/14/2021 Work Session	0	0	1,370,000	1,370,000
Destination Travel Network	115,000	80,000		80,000
Dividends	2,000	4,000		4,000
Interest	11,000	2,000		2,000
Annual Meeting	55,000	5,000		5,000
NCAA Men's BB/IBMA LOC*	530,000	300,000		300,000
CARES ACT - Wake County	0	0		
CARES ACT - Visit NC	0	0		
PPP Loan (s)	0	0		
Reserves**	350,000	1,095,171		1,095,171
TOTAL INCOME	\$8,653,000	\$7,203,224	\$1,370,000	\$8,573,224

GRCVB BUDGET - EXPENSES

		2019/2020	2021/2022	2021/2022	2021/2022	
ACCT NO.	CHART OF ACCOUNTS	Original budget (budget was not revised, spending restrictions put in place)	Budget Proposal	ARPA Funding Approved 5/17/2021	Additional ARPA Funding Request	Total 2021/2022 if additional funding approved
5010	Salaries & Wages	\$2,615,930	\$2,715,152	\$0	\$0	\$2,715,152
5020	Payroll Taxes	186,933	207,024	0	0	207,024
	Travel and Entertainment	225,090	134,615	59,163	36,762	230,540
	Marketing & Advertising	3,800,242	1,255,814	1,240,837	973,888	3,470,539
	Partner Education & Training	0	0	0	9,350	9,350
	SEIP Event Production	400,000	150,000	0	250,000	400,000
	Signature Event Development (SEDP) Program	0	0	0	100,000	100,000
	Total	7,228,195	4,462,605	1,300,000	1,370,000	7,132,605
5930	CARES ACT - Wake County	0	0	0	0	0
5930	CARES ACT - Visit NC	0	0	0	0	0
ADMINISTRATIVE EXPENSES		1,424,805	1,440,618	0	0	1,440,618
		<u>\$8,653,000</u>	<u>\$5,903,223</u>	<u>\$1,300,000</u>	<u>\$1,370,000</u>	<u>\$8,573,223</u>

GRCVB BUDGET - EXPENSE COMPARISONS



ACCT NO.	CHART OF ACCOUNTS	2019/2020	2020/2021	2020/2021	2021/2022		%
		Original budget (budget was not revised, spending restrictions put in place)	Original budget	Revised Jan 2021	Budget Proposal	Variance (Rev20/21 Budget vs 21/22)	Inc/Dec
ADMINISTRATIVE EXPENSES							
5400	Dues & Subscriptions	114,680	68,566	63,566	106,322	42,756	67.3%
5430	Education & Training	25,090	8,645	3,745	15,330	11,585	309.3%
5410	Rent/Parking	244,435	257,545	257,545	274,862	17,317	6.7%
5420	Printing & Stationery	6,000	3,500	2,000	2,500	500	25.0%
5440	Office Supplies	19,000	16,000	12,000	14,200	2,200	18.3%
5450	Telephone/Cell/Wireless	58,320	55,980	55,980	60,623	4,643	8.3%
5460	Equipment Maintenance	18,050	18,782	18,782	19,950	1,168	6.2%
5470	Local Transportation	28,000	28,450	23,450	26,150	2,700	11.5%
5480	Professional Services	116,900	129,400	124,400	155,650	31,250	25.1%
5500	Office Maintenance	21,310	16,170	14,170	17,425	3,255	23.0%
5510	Insurance	30,000	32,000	28,500	35,500	7,000	24.6%
5530	Equipment Leases	61,020	64,510	62,510	75,280	12,770	20.4%
5540	Property & Use Tax	1,700	1,700	1,700	1,700	0	0.0%
5560	Employee Benefits	472,500	492,855	447,855	503,226	55,371	12.4%
5570	Postage	36,000	32,250	22,500	22,500	0	0.0%
5590	Equipment/Software Purchases	171,800	86,300	85,100	109,400	24,300	28.6%
	Total Administrative Expenses	\$1,424,805	\$1,312,653	\$1,223,803	\$1,440,618	\$216,815	17.7%