

CITY OF HIGH POINT

AGENDA ITEM



Title: Approval of FY 2016-2017 Convention and Visitors Bureau Budget

From: Eric Olmedo, Budget Director

Meeting Date: June 6, 2016

Public Hearing: N/A

Advertising Date: N/A

Advertised By: N/A

Attachments: Convention and Visitors Bureau budget and annual contract

PURPOSE:

To approve the FY 2016-2017 Convention and Visitors Bureau budget and annual contract.

BACKGROUND:

The Convention and Visitors Bureau requests that the City Council approve its budget on an annual basis.

BUDGET IMPACT:

N/A

RECOMMENDATION / ACTION REQUESTED:

The Budget Department recommends and asks the Council to approve the FY 2016-2017 Convention and Visitors Bureau budget and annual contract.

**NORTH CAROLINA
GUILFORD COUNTY**

**AGREEMENT FOR PROVISION OF
CONVENTION AND VISITORS BUREAU**

THIS AGREEMENT, made and entered into before the first day of July 1, 2016 by and between the City of High Point (hereinafter referred to as the City) and the High Point Convention and Visitors Bureau, Inc. (hereinafter referred to as the Grantee), pursuant to and subject to the restrictions and conditions set forth herein:

WITNESSETH:

In consideration of receipt of a grant or appropriation of funds from the City Council of the City of High Point equal to the total amount of the net proceeds received by the City of High Point from the Guilford County 3% Room Occupancy and Tourism Development Tax, the Grantee named hereinabove does hereby agree to provide Convention and Visitors Bureau Services for the City of High Point in accordance with the terms of this Agreement as set forth herein.

In consideration of the above, the parties do hereby agree as follows:

(1) The Grantee agrees to expend the funds, which are the subject of this Agreement and perform services in consideration of the receipt of funds in accordance with the Overview of Program of Work as attached to this Agreement and incorporated herein by reference. The Grantee further agrees to expend the funds in accordance with an Annual Budget for said funds attached hereto and which is incorporated herein by reference. Funds made available to the Grantee pursuant to this Agreement shall be expended only in accordance with applicable federal, state, and local laws. The Grantee may amend the budget from time to time in order to conform with the actual amount of funds received under this agreement.

(2) The Grantee agrees that it will supply such records, reports, information, and verification relating to the expenditures of the funds or the operations of the Grantee on a monthly basis and as may be requested by the City. This shall include monthly reports on the receipts and expenditures, as well as an annual audit completed within six months of

the Grantee's fiscal year end, performed in accordance with generally accepted accounting principles of the revenues and expenditures of the Grantee. The Grantee shall maintain written accounting and documentation of all of its receipts and disbursements relating to the grant funds, which are subject to this Agreement. The Grantee agrees to subject itself to the provisions of Article 33c of Chapter 143 of the North Carolina Statutes entitled "Meetings of Governmental Bodies," to the same extent as the City.

(3) Funds will be distributed to the Grantee on a monthly basis in accordance with the attached budget. Further, should expenditures overspend the revenues under this Agreement; the City shall have no obligation to reimburse the Grantee for such expenditures.

(4) This Agreement will automatically terminate on June 30, 2017 at which time a new Agreement will be considered.

(5) Upon termination of this Agreement by either party all non-expendable property purchased under this Agreement shall revert to the City of High Point or its assigns.

(6) A High Point Convention and Visitors Bureau Board of Directors shall be appointed, which shall have the authority to oversee the Convention and Visitors Bureau's implementation of the program of work, and the expenditures of the grant funds, which are the subject of this Agreement. The Convention and Visitors Bureau Board shall be composed of a minimum of the following twelve (12) members:

- (a) One member of the Guilford County Board of Commissioners appointed by the Board of County Commissioners.
- (b) One member of the High Point City Council appointed by the City Council.

- (c) Two owners or operators of hotels, motels, or other taxable tourist accommodations in the local metropolitan area, one of whom owns or operates hotels, motels, or other tourist accommodations with more than 100 rental units, and one of whom owns or operates hotels, motels, or other tourist accommodations with 100 or fewer rental units, both appointed by the Board of County Commissioners.
- (d) One individual who has demonstrated an interest in tourism development and does not own or operate hotels, motels, or other tourist accommodations, and is a Board member of the High Point Chamber of Commerce, appointed by the Chamber of Commerce.
- (e) One individual involved in the local restaurant or food service business who has demonstrated an interest in tourism development, and does not own or operate hotels, motels, or other tourist accommodations, appointed by the High Point Chamber of Commerce.
- (f) One individual involved in the cultural arts or tourist attraction business, who has demonstrated an interest in tourism development, and does not own or operate hotels, motels, or other tourist accommodations, appointed by the High Point Chamber of Commerce.
- (g) One at-large individual who has demonstrated an interest in tourism development and does not own or operate hotels, motels, or other tourist accommodations, appointed by the High Point Chamber of Commerce.
- (h) One individual who has demonstrated an interest in tourism development and is a representative of a High Point public convention/trade show center, appointed by the High Point Chamber of Commerce.

- (i) Two at-large individuals who have demonstrated an interest in tourism development and do not own or operate hotels, motels, or other tourist accommodations, appointed by the Board of County Commissioners.
- (j) The President & CEO of the High Point Convention and Visitors Bureau, Inc., who shall be a non-voting, ex-officio member.

All voting members of the High Point Convention and Visitors Bureau Board shall serve without compensation. All members shall serve two-year terms. Members may serve no more than two consecutive terms. Members appointed to fill the at-large designations shall serve a full term, and have all voting rights and privileges. The members shall elect a chairperson, who shall also serve a two-year term if eligible. Members appointed to fill vacancies shall first serve for the remainder of the unexpired term for which they are appointed to fill, and then are eligible for appointment for a regular term. The Board shall meet at the call of the Chairperson, and shall adopt rules of procedure to govern its meetings. The Board shall appoint such ex-officio members as it deems appropriate.

(7) The attached Exhibits are:

- (A) Overview & Program of Work
- (B) Proposed New Budget and Explanation
- (C) Occupancy Tax Comparison Current Year
- (D) Financial Statement through April Current Year
- (E) Arts & Tourism Grants Awards for Current Year
- (F) Event Booking Incentives for Current Year
- (G) Board of Directors, Organizational Chart, and Chart of Staff Organizational Involvement

These exhibits are incorporated herein by reference and shall have the same force and effect as if set forth herein.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its behalf; and the Grantee has caused the same to be duly executed in its behalf as of the date first above written.

CITY OF HIGH POINT, NORTH CAROLINA

ATTEST:

Lisa B. Vierling, City Clerk

Greg Demko, City Manager

Approved as to legal form:

JoAnne Carlyle, City Attorney

**HIGH POINT CONVENTION &
VISITORS BUREAU, INC.**

ATTEST:

Bruce Davis, Board Chair

Timothy C. Mabe, President & CEO

HPCVB FY 16-17 BUDGET

<u>No.</u>	<u>ITEM</u>	<u>FY 15-16</u> <u>Approved</u>	<u>FY 16-17</u> <u>Approved</u>
<u>INCOME</u>			
<u>OCCUPANCY TAX COLLECTION</u>			
4101.0	Transient Occupancy Tax	1,632,840	1,682,239
<u>OTHER INCOME</u>			
4102.0	Interest Income	1,000	800
4105.0	Reserve EBI Carry Over	105,387	102,250
4106.1	Sponsorship Revenue Earmarked for Visitor Center Marketing	75,000	100,000
4106.2	Sponsorship Revenue Earmarked for Reserves	75,000	100,000
4107.0	Regional Preferred Member Revenue for Marketing	10,000	10,000
4108.0	Arts & Tourism Grants Carry Over	0	0
4109.0	Building Rental Credit Earmarked for Reserves	12,000	12,000
TOTAL BUDGET		1,911,227	2,007,289
<u>GRANT PROGRAM (15% of occupancy tax)</u>			
	Arts & Tourism Grants	245,000	252,336
INCOME (-15% grants)=Oper. Budget		1,666,227	1,754,953
<u>EXPENSES</u>			
<u>ADMINISTRATIVE EXPENSES</u>			
5201.0	Salaries (7 full-time staff positions and if we hire sales manager)	392,861	439,401
5202.0	Retirement	22,000	24,000
5203.0	Life/Hosp/Dent. Ins.	66,800	77,000
5204.0	Soc. Security	30,054	39,000
5205.0	Unemployment Ins.	1,300	1,500
ADMINISTRATIVE EXPENSES TOTAL		513,015	580,901
<u>OPERATING EXPENSES</u>			
5301.0	Memberships/Subscriptions	29,845	7,500
5302.0	Travel/Entertainment	24,475	25,000
5303.0	General & Administrative Operations	102,040	109,500
5304.0	Postage/General	2,000	2,000
5306.0	Telephone	10,500	11,000
5307.0	Rent/Utilities	75,570	77,045
5308.0	Comm/Board Expenses	16,300	14,450
5309.0	Equipment	19,030	16,000
OPERATING EXPENSES TOTAL		279,760	262,495

<u>No.</u>	<u>ITEM</u>	<u>FY 15-16</u>	<u>FY 16-17</u>
		<u>Approved</u>	<u>Approved</u>
5401.0	Convention Advertising	30,000	19,950
5402.0	Convention Services	326,700	318,000
5402.1	Convention Services, Registrars, etc.	11,500	10,500
5402.5	Event Booking Incentives (includes \$102,250 roll over)	150,000	150,000
5402.7	HP Market Authority	150,000	150,000
5402.8	Preferred Member Program	6,200	5,500
5402.9	Special Services	9,000	2,000
5403.0	Entertainment	1,500	1,000
5404.0	Literature/Printing	16,453	13,200
5405.0	Memberships - Convention	7,200	8,260
5406.0	Postage - Convention	100	100
5407.0	Conv. - Special Promotional Projects	96,000	90,000
5408.0	Subscription/Publications	250	250
5409.0	Travel - Convention	17,100	15,700
5410.0	Trade Shows - Convention	10,250	3,000
5411.0	Sales Training	22,500	35,000
5412.0	Audiovisuals	1,500	10,000
5413.0	Intern(s)	0	0
CONVENTION PROMOTIONS EXPENSES TOTAL		529,553	514,460
TOURISM PROMOTION EXPENSES			
5501.0	Advertising	54,000	52,900
5502.0	Audiovisuals	1,500	8,000
5503.0	Tourism - Literature/Printing	20,000	21,750
5504.0	Memberships/Subscriptions - Tourism	600	600
5505.0	Postage - Tourism	1,500	1,500
5506.0	Special Projects	20,000	33,100
5507.0	Travel/Entertainment	10,000	5,000
5508.0	Travel Shows	6,745	4,000
5509.0	Visitor Information Center	83,104	79,800
5512.0	Web	6,000	17,747
5513.0	Visitor Center Marketing	53,450	58,200
5514.0	Visitor Programming	0	2,500
TOURISM PROMOTION EXPENSES TOTAL		256,899	285,097
TOTAL EXPENSES BEFORE GRANT EXPENSES		1,579,227	1,642,953
GRANT EXPENSES			
5800.1	Arts & Tourism Grants Program	245,000	252,336
5800.2	Arts & Tourism Grants Program Carry Over		
TOTAL GRANT EXPENSES		245,000	252,336
TOTAL EXPENSES		1,824,227	1,895,289

<u>No.</u>	<u>ITEM</u>	<u>FY 15-16</u> <u>Approved</u>	<u>FY 16-17</u> <u>Approved</u>
	Total Marketing Expense	1,031,452	1,051,893
	Subtotal of Income over Expenses	87,000	112,000
	Sponsorship Expenses Earmarked for Reserves	75,000	100,000
	Building Rental Credit Earmarked for Reserves	12,000	12,000
	Total Earmarked for Reserves (Year 3 Payback for Building/Move/Visitor Center Buildout)	87,000	112,000
	Excess of Income over Expenses	0	0

FY 2016-2017 Budget Notes

Income

4101 - Occupancy Tax projections for FY-16/17 is \$1,682,239, which is 3% over the last year's projected occupancy of \$1,632,840. This is an estimation based on receipts thus far and keeping the estimation conservative over last year's estimates for May and June 2016.

4105 – Reserve EBI Carry Over is \$102,250, which is what is currently remaining in the EBI line item 5402.5 that was budget at \$150,000

4106.1 – Sponsorship Revenue Earmarked for VIC Marketing is \$100,000, which is half of an estimated total revenue from sponsorships of \$200,000 cash receipts. The sales team has set forth a goal of a 33% increase in sponsorships sales, where at least \$100,000 will be cash.

4106.2 – Sponsorship Revenue Earmarked for Reserves is \$100,000, which is half of an estimated total revenue from sponsorships of \$200,000. This coincides with the 33% increase in sales goals and is consistent with the 5-year pay back plan.

4107.1 – Preferred Memberships include regional partners that we solicit outside of High Point. These members are promoted on website, Visitor Center, and app. Other revenue include realtor certification registration money. Also, the Sales and Marketing Dept. sells ads on the website and Visitor Guide where revenue would be in this line item.

4108 – No Grant carry over as we will be able to disperse any excess receipts X 15% by the end of June with the timing of our grants program in May where the committee can get together in June to decide.

4109 – Building Rental Credit Earmarked for Accts Receivables Chamber Loan on Balance Sheet is \$12,000. The balance of the Chamber Foundation loan to build out the board room is \$43,541.

The subtotal is **\$2,007,289**. The restricted income is **\$252,336** for Arts & Tourism Grants. The Total Income is **\$1,754,953**

Administrative Expenses:

5201 – Salaries include 7 employees (+potential sales manager). Line item reflects adjustment recommendation from the CAI compensation comparison analysis approved by the HPCVB Executive Committee

5202 – Retirement is 5% +quarterly admin fee

5203 - Includes a 15% increase in insurance

5204 – Social Security

5205 – Unemployment Insurance

The Total Administrative Expenses are a **13% increase** over the FY 15-16 budget.

Operating Expenses:

5301 –Memberships include Guilford County Hotel Association, HP Partners, American Express Annual Fee, Guilford Merchants Association, American Chamber of Commerce Executives, Meeting Planners International (Tim), International Association of Venue Managers, NC Tourism Industry Association, Rotary Club of High Point, CAI (HR Membership), and Triad Women’s Forum. We will be invoiced by Business HP Inc. in the next fiscal year and not for FY 16-17 and will take care of our vision invoice in 2015-2016.

5302 – Admin Travel & Entertainment includes mileage reimbursement at the IRS rate of 0.54.

5303 – General Administrative includes office supplies, maintenance, janitorial, general liability insurance, professional fees, staff training, community outreach events, Leadership High Point, Simpleview license renewal for 7 employees, renewal of the economic impact calculator, and computer maintenance. Will also need to purchase 3 new computers that are approaching end of life.

5304 – General Postage is \$2,000

5306 – holds steady, working on year 3 of the 5 year phone lease plus regular service, fax, internet, toll free, and long distance.

5307 – Rent is \$12.75/sq.ft starting in Feb’17. We are paying currently paying for the Coble Space and not paying for temporary workspace.

5308 – Committee Board Expense includes monthly lunch meetings, board retreats, receptions, board plaques, and board miscellaneous

5309 – Equipment includes computers, postage machines, copiers, and misc. office equipment and furniture. Property taxes and leases for equipment. We project a savings with our postage equipment with a new company and lease agreement

Total Operating Expenses are at a **6% decrease** from FY 15-16 budget.

Convention Expenses:

5401 – Convention Advertising includes AENC, Sports Events Magazine, Business NC Magazine, NC Motor coach Association, American Bus Association, and Group Tour Magazine plus some funds for impromptu opportunities that are available throughout the year.

5402 – Convention Services – include incentive gifts for groups (will not need to re-order as items since we have a good inventory on stock), Servsafe program, 2 customer service seminars, Market Authority of \$150,000; Event Booking Incentives of \$150,000, and special services (long-term goals for feasibility study or special circumstances that come up with groups that need help).

5403 – Entertainment/Meals for site visits with clients

5404 – Convention Literature and Printing –Destination Guides and production, stationery, and stock paper for sales collateral

5405 – Convention Membership – National Association of Sports Commissions, Meeting Planners International, American Express Annual Fees, AENC, Rotary, NC Sports Association, PT Sports Clubs, Destination Marketing Association International, American Bus Association, and NC Motorcoach Association

5406 – Convention Postage drops considerably with more email and e-blast correspondence.

5407 – Convention Special Promotions –, Designer tours, Furnish Your World Promotion (Shop & Stay Packages), and McNeill Communication PR contract is also in this line item too. We will not renew our doorway with Pursuit of Happiness Explore High Point Calendar and will have a link to the website from our website. Retire NC Certification will not need to be renewed this year.

5408 – Convention publications for sales leads

5409 – Sales travel, mileage reimbursement, meals on trips, hotel and flight for tradeshow at IRS standard rate of .54/mile

5410- Expo NC and impromptu opportunities. Taking a break from some sports shows since High Point is getting more regional leads and less direct leads and will focus and growing sports from a local level to bring more events here.

5411 – Sales & Marketing Training for reporting, database programs, certifications, planning, etc.

5412 – Audiovisuals include a sports video, general video and upgrades to our photo library for marketing

5413 – no pay interns

Total Convention Expenses are at **3% decrease** under FY 15-16 budget.

Tourism Expense:

5501 – Tourism Advertising Includes Carolina Field Trips, Enhanced Listing Visit NC website, Official NC Travel Guide, Southern Living, Our State, Radisson and Hampton Inn guest guides, Video Globetrotter, Hi Toms Program, Herst Travel Group (Woman's Day, Country Living and Good Housekeeping Magazine)USA Today HOME Magazine, Black Theatre Festival Program and more co-ops with NC Dept. of Commerce such as social media takeover (Coltrane Festival promotion)

5502- Audio Visuals includes enhancements to our photo library and more tourism promotional videos.

5503- Tourism Literature and Printing include production costs and printing of Map Pads, Stationery, African American Heritage Guides, Furniture Shopping Directories, Destination Guides, and Decals for Preferred Members and Showroom Decals

5504- Tourism Memberships such as NC Rail Trails, NC Civil War Tourism, HP Museum Guild, HP Enterprise and News & Record Subscriptions

5505-Tourism Postage stays the same

5506- Tourism Special Projects include the VIP Tour, Realtor Certification Classes, the Uptowne Holiday Stroll, Annual Meeting & Media Appreciation Luncheon, Arm Chair FAM, Welcome receptions for group tours on motorcoach, Piedmont Triad Destination Marketing Group co-op opportunities, facebook ads and contests, and annual report.

New programs with the state include the Influencer program where we can get in front of travel bloggers, social media specialist, and travel writers to set up appts. and pitch story ideas for tourism. We also want to purchase a curated media list from the state of travel writers that we can develop relationships for tourism promotion.

5507- for mileage and travel for tourism programs.

5508-Travel Shows include Travel South and ABA Tradeshow

5509- Visitor Information Center Expenses included part-time employees working weekend and some weekday as needed, refreshments, and Visitor Center build-out capital expenditures, graphics and videos (less than last year as the galleries and are more established and we will be handling more maintenance).

5512- Update and managed services for the website. This also includes implementing a state software program that is used for entering events. This software (API) will cut down on the man hours it takes to enter events on the cvb website and Visit NC website

5513- Visitor Center Marketing includes billboards with updates and replacements, realtor brochures, Ideal Living magazine, Recreation Magazine, and other promotional opportunities for advertising to relocation. Budgeted funds in this line item is partially funded by sponsorship dollars.

5514- Visitor Center Programs include Spotlight on Saturday and Last Tuesday events

Total Tourism Expenses are at an **11% increase** from FY 15-16 budget.

5800- Grant Expense is \$252,336 is 15% of occ. tax