

WILLIAMSBURG TOURISM COUNCIL MEETING

Williamsburg, Virginia

May 11, 2021

Finance Meeting Minutes

The meeting was convened at 9:00 a.m. on May 11, 2021, in person and via Zoom/conference call.

In Attendance:

CHAIR Ruth Larson, James City County Board of Supervisors
TREASURER Doug Pons, Mayor, City of Williamsburg

Ron Kirkland, Williamsburg Hotel & Motel Association
Meredith Pons, Williamsburg Hotel & Motel Association

Staff Members In Attendance:

Victoria Cimino, CEO
David Turner, Finance Director
Joey Pierce, Content Manager

I. March Activity

- Total March 2021 revenues were \$848K – under budget by \$13K
 - March sales tax receipts (58.1-603.2) totaled \$783K, over budget by \$130K
 - Transient Tax receipts totaled \$64K, under budget by \$19K
 - Maintenance of Effort (MOE) revenue was \$0, under budget by \$121K
 - Budgeted at \$121K / per month from January 2021 to spread the \$725K over 6 months (1/2 of the \$1.45M annual MOE receipt) – future budgets will be based on payment history
- March expenses were \$1.4M, under budget by \$64K
 - Destination Marketing expenses were \$1.3M, \$22K under budget for the month
 - Sales activities are under budget by \$47K due to the timing of sales events and association membership feeds
 - Staffing costs were \$26K below budget due to delays in staff hires
 - Other administrative expenses were \$13K under budget due to lower office expenses

II. Fiscal Year-to-Date Activity

- 2021 Fiscal YTD revenues were \$10.0M, over budget by \$2.7M
 - YTD sales tax receipts (58.1-603.2) totaled \$8.2M, over budget by \$2.2M
 - YTD Transient Tax receipts totaled \$585K, under budget by \$210K
 - YTD MOE revenues were \$1.2M, over budget by \$791K

- Reminder: MOE balance activity was removed from the budget in CY20 at the Board's request
- 2021 Fiscal YTD expenses were \$11.2M, under budget by \$1.7M
 - Destination Marketing expenses were \$10.0M, under budget by \$1.2M
 - Sales activities were \$189K, under budget by \$202K due to reduced sales events and canceled tradeshow
 - Staff costs were \$820K, under budget by \$261K due to changes in hiring plans and other cost reductions
 - FY2021 budget was intended to utilize the carry-over savings from FY2020 – YTD Net Position is positive by \$4.4M
 - Victoria Cimino clarified that the Williamsburg Tourism Council (WTC) has been very careful about the hiring process, bringing in a contractor instead of filling a position, and when comparing the WTC to other DMOs of comparable budgets, the WTC has about 1/3 of the staff
 - Doug Pons asked if the WTC's staff expenses are below 10% of the overall budget
 - Cimino stated that the industry standard is 16% and the WTC is below this standard

III. Cash on Hand

- The Tourism Council has \$10.5 million in the bank; \$7.1M for operations and \$3.4M reserved for product development
- Cash on Hand for Operations is over budget by \$3.3M as of the month of March
- Cash on Hand for Product Development is over budget by \$1.4M
 - Cimino stated a conversation was recently had with legal counsel regarding the distribution of product development funds; because the source of funds is the municipalities, the WTC can create a process in-line with the municipalities' process (instead of the Commonwealth of Virginia)
 - David Turner will contact Sharon Day, Finance Director of James City County, to discuss the process used by James City County
 - Ron Kirkland stated the City of Williamsburg also has a simple grant process that could be considered
 - Pons suggested a conversation with the city's director of finance, Barbara Dameron, would be useful in the development of the WTC's process

IV. Tax Revenue

- Sales Tax (58.1-603.2)
 - February sales tax increased \$29K or 4.1% year-over-year
 - \$740K in 2021 versus \$711K in 2020
 - The 3-month moving average decreased 0.2% versus the same period in 2019/2020

- Transient Tax
 - February decreased \$4K or 7.6% year-over-year
 - \$51.5K in 2021 versus \$55.7K in 2020
 - The 3-month moving average decreased 22.6% versus the same period in 2019/2020
 - Pons asked Ron Kirkland if hotel rates have been much higher on average
 - Kirkland confirmed that rates have been strong, allowing for the destination to sell less rooms but revenue to remain strong
 - Cimino stated that the WTC will begin receiving weekly STR reports and that April is appearing strong at 45% occupancy, almost all of which is leisure travel
 - Pons asked if conference hotels will be asked to participate in tradeshow with the WTC sales staff
 - Cimino stated that all sales leads acquired by the sales staff are distributed to all partners and the WTC plans to invite industry partners to participate in trade shows/events
 - Kirkland offered assistance with providing and shipping print collateral for tradeshow
 - Cimino thanked Kirkland for his offer and stated that the acquisition of a visually appealing sales booth will be necessary soon

V. FY22 Budget

- Revenue
 - Revenue is budgeted to be \$13.6M versus \$11.5M forecast for FY21, an increase of 17.5% due to the return of more normal conditions following the COVID-19 impact on sales and occupancy tax revenues
 - Sales tax revenues are budgeted at \$11.9M, \$1.2M over FY21 projected sales revenues
 - Increase of 3% over comparable non-COVID-19 impacted periods from 2019 and 2020
 - Total localities payments included in the operating budget are \$112,800
 - Total localities payments to the WTC are budgeted at \$1,562,800 with \$1,450,000 for product development funds (per Board instructions), leaving \$112,800 in the operating budget
 - Ruth Larson recommended moving forward budgeting funds at \$0 until an updated MOU is agreed upon
 - Pons agreed

- Transient occupancy tax revenues are budgeted at \$1.5M, \$715K over FY21 project revenues
 - Decrease of 2% over comparable non-COVID-19 impacted periods from 2019 and 2020
 - FY20 tax revenues were \$1.4M, which included 3 months impacted by COVID-19 restrictions
 - Kirkland suggested a 5% decrease due to a decrease in supply
 - Pons mentioned the slower recovery of business and convention travel as reason to budget a 5% decrease
 - Cimino stated the budget will be amended to 5%
- Expenses
 - Expenses are budgeted to be \$15.4M versus \$15.1M forecast for FY21, an increase of 2%
 - Destination marketing (marketing communications) is budgeted at \$13.3M versus \$13.6M forecast for FY21, a decrease of 2.7%
 - Advertising is budgeted at \$13M, a reduction of \$443K from FY21
 - Maintaining a consistent presence in the market between FY21 and FY22
 - Pons asked for justification on spending less
 - Cimino explained that projects such as the website redesign were paid for in FY21, and therefore the cost does not reoccur in FY22
 - The mail house contract is forecast to be \$12.6k in FY21, an increase to \$20K has been budgeted in FY22 due to an increase in requests for visitors guides
 - Public relations is budgeted at \$240K, increasing \$57K over FY21, as the return of in-person media events is expected in FY22
 - Market research is budgeted at \$220K, an increase of \$20 over FY21
 - Sales activities are budgeted to increase to \$307K versus \$207K forecast for FY21
 - Trade shows and sales events were mostly virtual or canceled in FY21, but the number of trade shows in FY22 is expected to double
 - Cimino clarified that memberships to professional associations are included
 - Business development and co-op marketing opportunities are expected to increase in FY22, such as in-person FAMs, client appreciation events, and meeting sponsorships to elevate destination awareness in multiple market segments

- Administrative expenses are budgeted to be \$1.6M in FY22 versus \$1.0 forecast in FY21
 - Staffing levels in FY22 are increasing to fill vacant roles and grow the sales team
 - Administrative services are budgeted to increase to \$175K in FY22, an increase of \$48K over the FY21 forecast
 - Savings are budgeted in legal & accounting expenses – a decrease of \$15K over FY21 – with much of the reorganizational activity completed in FY21
 - Strategic development has been budgeted at \$25K
 - This strategic development engagement was canceled in FY21 due to COVID-19
 - Rent is a new expense for FY22 at \$90K
 - The budgeted amount includes rent and front desk coverage
 - Rent and other Alliance operating expenses were previously deducted (\$225K) from the localities' payments to the Alliance prior to distribution to the Business Council and Tourism Council
 - Organizational support is budgeted at \$0 as there will no longer be a 65/35% split of expenses with the Alliance
 - Kirkland suggested combining the rent and organizational support line items in the budget
 - Pons agreed and asked that this be done
 - Turner stated that the update will be made

VI. **Adjournment**

- Pons adjourned the meeting