

WILLIAMSBURG TOURISM COUNCIL MEETING
Williamsburg, Virginia
May 20, 2024
Finance Meeting Minutes

A meeting convened at 9:00 a.m. on May 20, 2024, in the 1st-floor conference room at 421 N. Boundary Street.

Tourism Council Members Present:

TREASURER Doug Pons, Mayor, City of Williamsburg

Staff Members Present:

Julia Smyth-Young, Interim CEO
David Turner, Finance Director
Lorine Ottarson, Accountant

I. Call to order

- Doug Pons called the meeting to order
- April 12, 2024, finance meeting minutes were acknowledged

II. March 2024 Activity

March Activity

- March 2024 revenues were \$1.1M – over budget by \$20K
 - Sales tax receipts (58.1-603.2) totaled \$946K, in line with the budget
 - Transient tax receipts totaled \$117K, over budget by \$12K
 - Maintenance of Effort funds totaled \$0K, in line with budget
 - Other revenue was \$12K, over budget by \$8K
- March 2024 expenses were \$2.0M – over budget by \$105K
 - Destination Marketing expenses were \$1.9M, over budget by \$257K
 - Paid media is over budget by \$246K due to the timing of invoices for broadcast media
 - Sales activities were \$8K, under budget by \$48K
 - Savings in the MICE (\$35K under budget), Group (\$9K under budget), and Sports (\$3K under budget) were from the timing of sales activities and advertising expense savings
 - Total administrative expenses were \$110K, under budget by \$104K
 - Staffing costs were \$94K, \$41K under budget on open positions
 - Other administrative expenses were \$15K, under budget by \$63K
 - Office Renovation/Moving Expenses were \$50K under budget on the change in plan to relocate the office from the current location

Fiscal YTD Activity

- Fiscal 2024 revenues were \$12.8M – over budget by \$351K
 - Sales tax receipts (58.1-603.2) totaled \$11.3M, over budget by \$251K
 - Transient tax receipts totaled \$1.2M, over budget by \$12K
 - Maintenance of Effort funds totaled \$102K, in line with the budget
 - Other revenue was \$117K, over budget by \$87K on interest received from the Virginia state treasurer

- Fiscal 2024 expenses were \$11.6M, under budget by \$1.3M
 - Destination Marketing expenses were \$10.0M, under budget by \$902K
 - Paid media expenses were \$7.3M, under budget by \$833K due to a shift this fall to increase digital media (\$651K over budget) and co-op marketing (\$73K over budget) with savings in broadcast media (\$1.4M under budget) and Social Media Ads (\$92K under budget) – Savings in Paid Media will be spent during the Spring/Summer advertising program
 - Agency expenses were \$1.9M, over budget by \$134K due to market personas research and photo shoot expenses
 - Production expenses were \$254K, under budget by \$43K – additional expenses are anticipated in the coming months from content partnerships
 - Sales activities were \$321K, under budget by \$191K
 - The current savings are anticipated to be used before the end of the fiscal year
 - The MICE segment is \$97K under budget on the timing of special client events and advertising activities
 - The Group segment is \$49K under budget due to tradeshow timing and staffing constraints
 - The International segment is \$7K over budget on the increased cost of memberships
 - The Sports segment is under budget by \$52K due to the timing of sales events and cooperative marketing events
 - Total administrative expenses were \$1.3M, under budget by \$236K
 - Staffing costs were \$1M, \$201K under budget due to open staff positions
 - Other administrative expenses were \$279K, under budget by \$34K on the change in plan to relocate the office (\$50K under budget) offset by higher expenses associated with the CEO search and staff recruitment activities (\$26K over budget)

Cash on Hand Slide

- The Tourism Council has \$7.4 million in the bank for operations
 - Cash on Hand for Operations on March 31 is over budget by \$4.5M, with accounts payable liabilities of \$2.9M, leaving free Cash on Hand for Operations at \$4.5M

Tax Slides

Reminder: The tax slides show the month the actual activity took place, not when the payment was received. This month is February, a one-month lag to the financial reports.

- Sales Tax (58.1-603.2)
 - February sales tax increased by \$14K or 1.4% year-over-year
 - \$1.0M in 2024 versus \$1.0M in 2023
 - The three-month moving average decreased by \$42K or -1.2% versus the same period in 2022/2023
 - YTD sales tax receipts are up \$22K or 1.1% versus the same period in 2023

- Transient Tax
 - February transient tax increased by \$15K or 16.6% year-over-year
 - \$103K in 2024 versus \$88K in 2023
 - The three-month moving average increased by \$39K or 13.5% versus the same period in 2022/2023
 - YTD tax receipts are up \$26K or 13.6% versus the same period in 2023

III. Fiscal Year 2025 Budget Proposal

The budget period is for fiscal year 2025, covering July 1, 2024, to June 30, 2025.

Revenue:

Revenue is budgeted to be \$17.2M, a 2.9% increase over the FY2024 forecast

- Sales tax revenues are budgeted at \$15.3M, \$475K over FY24 projected revenues
 - The increase is 3.2% over the FY24 forecast and in line with the economic outlook prepared by the Virginia Department of Taxation, which is forecasting inflation to be approximately 3% for FY25
- Transient occupancy tax revenues are budgeted at \$1.6M, a 2.0% increase over the FY24 projected revenues and in line with target growth in hotel occupancy for FY 2025
- Total Localities payments included in the operating budget are \$127K, in line with current Virginia Commonwealth statute
- Other revenue is primarily interest earned on deposits and is budgeted at \$116K, a \$19K decrease to the FY24 forecast due to lower cash on hand offset by higher interest paid on deposits

Expenses:

Expenses are budgeted to be \$17.2M versus the \$17.7M forecast for FY24, a decrease of \$500K or 2.8%.

Destination Marketing

- Destination Marketing is budgeted at \$13.7M versus the \$14.7M forecast for FY24, a decrease of \$1M.
 - Marketing is being segmented into Agency of Record (AOR) and Internal, with \$750K set aside for internal marketing efforts
 - Public Relations is budgeted at \$500K to fund an increase in visiting journalists, media events, increased regional coverage, and heritage marketing opportunities

- Market Research is budgeted at \$235K, in line with the FY24 forecast

Sales

- Sales activities are budgeted at \$750K versus \$650K forecast for FY24
 - The Sales team increased for FY2025, ensuring market representation in key segments and increasing sales activities and conversion
 - Trade shows and sales events in FY25 are expected to continue as in FY24 but with an additional presence at key events increasing costs by \$34K over the FY24 forecast, \$260K budgeted for FY25 versus \$226K forecast for FY24
 - Business development is budgeted at \$490K, an increase of \$68K over the FY24 forecast
 - Business development and coop marketing opportunities are expected to increase in FY25, i.e., in-person FAMs, client appreciation events, and meeting sponsorships and promotions to elevate destination awareness in multiple market segments

Administrative Expenses

- Administrative expenses are budgeted to be \$2.4M in FY25 versus \$2.0M forecast for FY24
 - Staff expenses are budgeted at \$1.9M versus \$1.6M forecast for FY24, an increase of \$208K from FY2024
 - Several open positions approved for FY2024 were recently filled – Public Relations Specialist, Sales Manager (Sports), and Sales Manager (Group) – for an increase of \$208K from FY2024
 - The incremental savings actualized in FY24 due to the CEO's departure is resulting in an increase of \$100K in FY25
 - Staff salary increases are budgeted at 4%, an increase of \$25K over FY24
 - Employee performance incentives are budgeted to increase \$19K over FY24
 - Administrative Services are budgeted at \$510K, an increase of \$72K over FY24
 - Expenses are budgeted to increase with inflation expectations and office renovation expenses (\$150K) to increase the number of usable offices offset with savings in recruiting and audit expenses
 - Rent expense/organization support for the office is budgeted at \$129K

Cash Position:

Total spending is projected to be in line with revenues in FY25. Cash availability for Operations is forecast to be \$4.7M at the start of Fiscal Year 2025 and budgeted to be \$4.7M at year-end based on the spending within the budget. This forecast assumes \$1.2M in open accounts payable at the end of FY2024 and FY2025 associated with advertising spend and open payables. This will result in a free cash flow balance of \$3.5M at the end of FY2025.

Doug Pons approved the budget for submission to the WTC Board of Directors for approval. The WTC Board meeting will be on June 21, 2024.

IV. Next Finance Meeting

- The next Finance meeting will be on June 11, 2024

V. Adjournment

- Doug Pons adjourned the meeting