WILLIAMSBURG TOURISM COUNCIL MEETING

Williamsburg, Virginia

May 13, 2025

Finance Meeting Minutes

A meeting convened at 8:00 p.m. on May 13, 2025, in the 1st-floor conference room at 421 N. Boundary Street.

**Tourism Council Members Present:**

TREASURER Doug Pons, Mayor, City of Williamsburg

PRESIDENT Ruth Larson, Chair, James City County Board of Supervisors

**Staff Members Present:**

Ed Harris, CEO

David Turner, Finance Director

1. **Call to order**
* Doug Pons called the meeting to order
* April 8, 2025, finance meeting minutes were acknowledged
1. **March 2025 Activity**

*March Activity*

* March 2025 revenues were $1.1M – under budget by $12K
	+ Sales tax receipts (58.1-603.2) totaled $978K, in line with budget
	+ Transient tax receipts totaled $102K, under budget by $18K
	+ Maintenance of Effort funds totaled $0K, in line with the budget
	+ Other revenue was $14K, over budget by $3K on interest received on deposits
* March 2025 expenses were $1.5M – under budget by $495K
	+ Destination Marketing expenses were $1.1M, under budget by $436K
		- Paid Media expenditures were under budget, driven by:
* Content partnerships were under budget by $425K on the timing to develop and invoice agreements
* Sports media spending was $43K over budget on the development of advertising content to promote sports tourism
	+ Sales activities were $189K, under budget by $18K
		- Sales incentives were $119K for the month, favorable to budget by $32K
		- Sales operations were $71K for the month, over budget by $13K on higher-than-budgeted expenses for trade shows and special events
	+ Total administrative expenses were $169K, under budget by $41K
		- Staffing costs were $140K, under budget by $37K on the timing of hiring open positions.
		- Other administrative expenses were $29K, under budget by $4K

*Fiscal YTD Activity*

* Fiscal 2025 revenues were $13.2M – over budget by $61K
	+ Sales tax receipts (58.1-603.2) totaled $11.7M, under budget by $17K
	+ Transient tax receipts totaled $1.3M, under budget by $7K
	+ Maintenance of Effort funds totaled $102K, in line with the budget
	+ Other revenue was $178K, over budget by $85K, primarily on interest income from the state
* Fiscal 2025 expenses were $9.7M – under budget by $1.6M
	+ Destination Marketing expenses were $6.9M, under budget by $1.0M
		- Paid Media spend was $4.3M, $984K under budget, primarily in
* The timing to develop and invoice content partnerships, resulting in spending being under budget by $410K
* Changes in marketing tactics reduced television spend, resulting in spending being under budget by $423K, and
* Media influencer spending is under budget by $99K on the timing of influencer activity and invoicing
	+ Sales activities were $1.2M, under budget by $263K
		- Payouts and commitments for sports and conference sponsorships total $556K, $229K under budget, and account for most of the favorable variance to budget
		- Sales operations expenses were $596K, under budget by $34K on savings in cooperative marketing expenses
	+ Total administrative expenses were $1.6M, under budget by $364K
		- Staffing costs were $1.4M, under budget by $100K on the timing of hiring open positions
		- Other administrative expenses were $258K, under budget by $264K due to delays in office renovations (favorable $170K), office equipment purchases (favorable $27K), memberships (favorable $24K), travel (favorable $9K), and training (favorable $14K) partially offset by higher legal expenses (unfavorable $22K)

*Cash on Hand Slide*

* + The Tourism Council has $8.5 million in the bank for operations
		- Cash on Hand for Operations on March 31 is over budget by $2.5M, with accounts payable liabilities of $1.6M, leaving free Cash on Hand for Operations at $6.9M

*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 decreased by $119K or -11.5% year-over-year
		- $913K in 2025 versus $1.03M in 2024
	+ The three-month moving average decreased by $13K or -0.4% versus the same period in 2023/2024
	+ YTD sales tax receipts are down $87K or -4.4% versus the same period in 2024
* Transient Tax
	+ February transient tax decreased by $27K or -26.7% year-over-year
		- $75K in 2025 versus $103K in 2024
	+ The three-month moving average decreased by $39K or -11.9% versus the same period in 2023/2024
	+ YTD tax receipts are down $43K or -19.4% versus the same period in 2024
1. **Fiscal Year 2026 budget proposal**

The 2026 fiscal year budget was submitted for approval at the May 13, 2025, finance meeting, so it can then be submitted to the board of directors for final approval on May 20, 2025.

Revenue is budgeted to be $18.6M in fiscal year 2026, reflecting a 9% increase over the FY2025 forecast. Total new revenues for fiscal year 2026 are budgeted at $17.5 million. Sales tax revenues are budgeted at $15.6M, an increase of 2.8%. Transient occupancy tax revenues are budgeted at $1.6M, a 2% increase over the FY2025 forecast. The Localities' maintenance of effort payments are budgeted at $127K per the current Virginia Commonwealth statute. Other revenue is primarily interest earned on deposits. It is budgeted at $129K, a $76K decrease from the FY2025 forecast due to less cash on hand, offset by higher interest paid on deposits.

A transfer of $1.2 million from unrestricted reserves is being added to the new revenues for fiscal year 2026. A $1 million transfer from reserve balances is included in 2026 to support additional marketing initiatives promoting the 250th commemoration of the Declaration of Independence. Furthermore, an additional $150,000 from the unrestricted reserve balance is allocated for office renovations and leasehold improvements. Although this expense was included in the 2025 fiscal year budget, the leasehold improvements are expected to be completed and expensed in 2026.

The total of new revenues and transfers of unrestricted reserves will bring the total revenue for 2026 to $18.6 million.

Expenses are budgeted to be $18.6 million versus the $16.5 million forecast for fiscal year 2025. This is an increase of $2.1 million over the 2025 forecast.

Destination marketing is budgeted to spend $13.6 million compared to the $12.5 million forecast for the fiscal year 2025. Leisure and general marketing activities are expected to amount to $11.5 million, consistent with the 2025 forecast. Changes in advertising agencies and strategy will lower the cost in paid media, production, and management by $640,000 in 2026. Public relations is budgeted at $1.1 million, an increase of $650,000 over fiscal year 2025 due to increased funding for visiting journalists, media events, increased regional coverage, and heritage marketing opportunities.

Sport marketing is budgeted at $400,000, reflecting a $50,000 decrease from the 2025 forecast. In fiscal year 2025, sports marketing anticipates lower expenditures for agency creative and production costs. However, some of these savings will be offset by increased spending on advertisement placements.

The budget for the 250th Commemoration is set at $1 million for the fiscal year 2026, utilizing unrestricted reserve funds. Ed Harris is currently developing plans to leverage these funds to promote the Commemoration and will present these plans at a later date.

Sales activities are budgeted at $3.4 million versus the $2.7 million forecast for fiscal year 2025. Group, MICE, and International sales efforts are budgeted at $884,000 versus the $719,000 forecast for 2025. Sports sales are budgeted at $196,000, a decrease of $24,000 from the 2025 forecast. Specifically, the sales group is targeting:

* International is budgeted at $63,000, a reduction of $62,000 from the 2025 forecast due to the expectation that international travel to Williamsburg will be limited in 2026. Resources are being reallocated to the group and MICE segments.
* The group budget is $440,000, reflecting a $90,000 increase over the fiscal 2025 forecast. The extra funding is designated for trade shows, events, and client visits. Special emphasis is placed on familiarization tours, as Williamsburg will host four new group segment conferences in 2026.
* MICE is budgeted at $381,000, reflecting an increase of $136,000 over the 2025 forecast. This increase accounts for additional cooperative marketing, sales travel, and greater participation in trade shows and client events.
* In 2026, Sports will focus on the trade shows and events that proved most beneficial in securing business in 2025 to maximize efforts and resources in fiscal year 2026. This is leading to a lower budget for 2026.

Group sales incentives continue in the 2026 budget at $1 million, down from the $1.1 million forecast for fiscal year 2025. This decrease in the budget reflects the number of multi-year deals signed in 2025 that are unlikely to be repeated in 2026. The allocation of these sales incentives in 2026 is $800,000 for sports incentives and $200,000 for groups and MICE events.

New in 2026, the Tourism Council is investing in new and improved events to stimulate activity in the area with the goal of increasing overnight stays. A preliminary budget of $250,000 is being set up to support these special events in 2026.

Administrative expenses are budgeted at $1.5 million versus a $1.3 million forecast for fiscal year 2025. Administrative services are budgeted at $600,000, an increase of $214,000 from the fiscal year 2025 forecast. General office expenses are budgeted at $322,000, an increase of $53,000, due to inflation and the increase in staffing levels for 2026. The office renovation project is likely a 2026 activity, and $150,000 has been allocated to cover office furniture and new office-related expenses. Rent expense is budgeted at $129,000.

Staff expenses are budgeted to increase in 2026 to $2.7 million, an increase of $618,000 over the 2025 forecast. The staff expense changes are as follows:

* Operations staff expenses are budgeted at $930,000, which represents a decrease of $7,000 from the 2025 forecast. CEO recruitment and relocation expenses will not occur again in 2026, balanced out by the 3% cost-of-living salary increase for fiscal year 2026.
* Employee expenses for marketing total $684,000, reflecting an increase of $136,000 compared to the fiscal year 2025 forecast and a rise of $22,000 over the 2025 budget. For FY2026, marketing plans to hire a marketing support intern during the summer. The remaining increase is attributed to employee cost-of-living adjustments and inflation in health benefits.
* • The Sales team has expanded, and several positions were upgraded in the 2025 fiscal year to enhance coverage and support for attracting and securing groups and events. Some of these staff positions have recently been filled, resulting in a savings of $72,000 for the current year against the 2025 budget. A few new positions are proposed for FY2026, which include an additional sales manager and two sales support interns. The employee expense budget for 2026 is $1.1 million, an increase of $499,000 compared to the fiscal year 2025 forecast, as the headcount rises to seven full-time employees and two part-time employees from a staff of four full-time employees at the beginning of 2025.

Cash availability for operations, specifically unrestricted cash, is projected to be $4.6 million at the beginning of fiscal year 2026 and budgeted at $3.8 million at year-end, based on spending within the budget and the increase in restricted funds from the FY2026 sales incentive awards. This forecast is based on the following assumptions:

1. $750K in open accounts payable at the end of FY2025 and FY2026 associated with advertising spend and open payables.

2. $250K of paid sales incentives from restricted cash, with an additional $1M in new incentive awards committed

This will result in an unrestricted cash balance of $3.8M and a restricted cash balance of $1.8M at the end of FY2026.

Sports and Group Incentives are projected to total $1.1M by the end of fiscal year 2025. These funds will have been expensed and committed, but not disbursed at year-end. Accordingly, a restricted cash balance will be established for FY2026 to account for these commitments, which will reduce the balance of unrestricted cash on hand.

A new format was proposed for reporting the budget and the actual-to-budget comparison reports for fiscal year 2026. The recommendation was to separate employee expenses into their respective departments so that these expenses would be reported under marketing, sales, and operations instead of only in operations. Doug Pons approved the proposed change and recommended that the budget presentation for the upcoming Board of Directors meeting reflect this change.

1. **Next Finance Meeting**
* The next finance meeting will be scheduled for June based on availability.
1. **Adjournment**
* Doug Pons adjourned the meeting