



# FY 17-18 Budget Overview & Revenue Objective

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March 24, 2016

# The Budget Process – Prior Years

- Finance Committee meets and provides input for revenue objective (aka “business objective”)
- TDA gives strategic direction at Annual Planning Meeting, and establishes the Business Objective
- Staff prepares scope and budget for each element
- Staff develops draft budget
- Finance Committee reviews draft budget and provides feedback
- Draft budget is presented to BCTDA in May
- Final budget approved by BCTDA in June

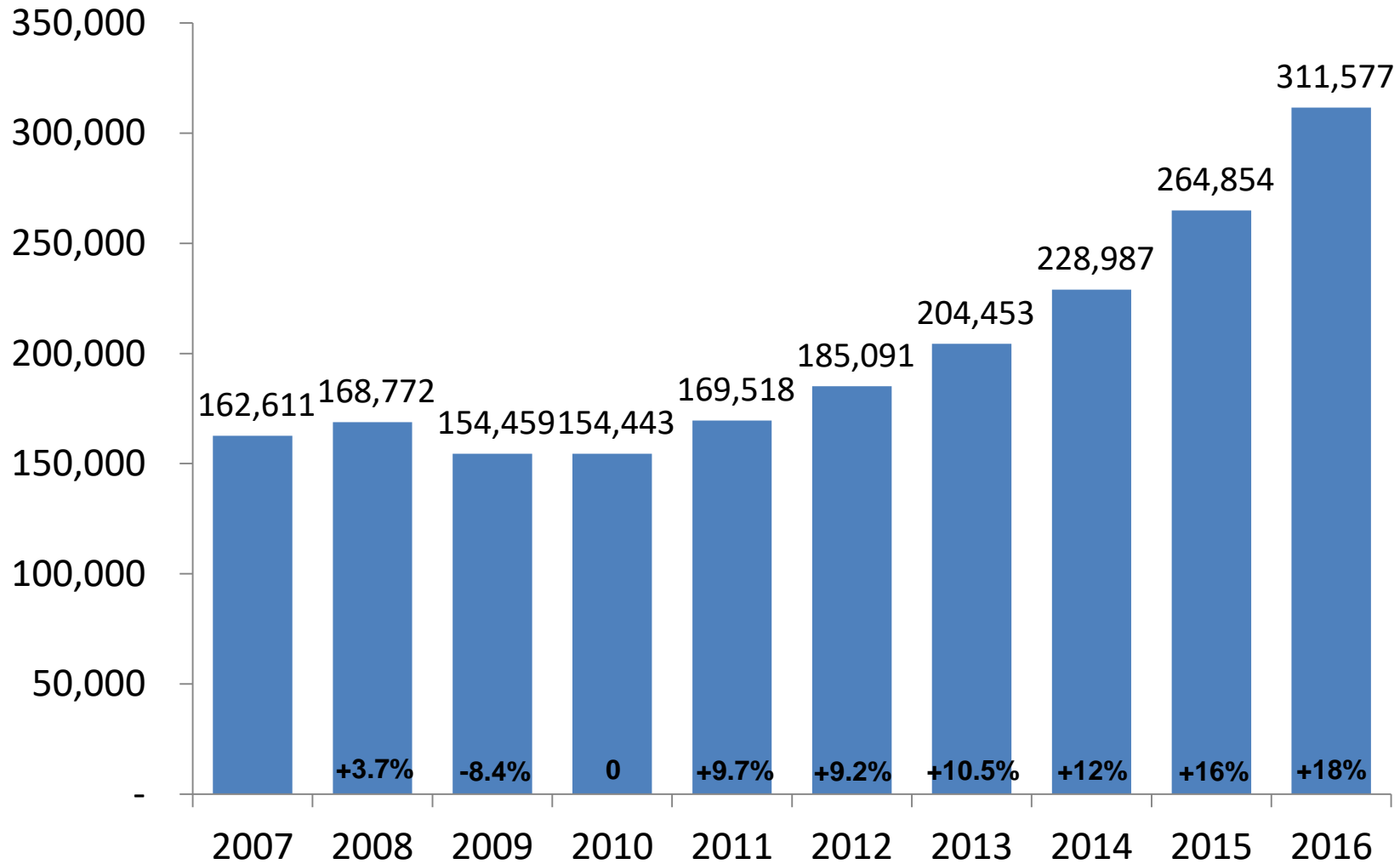
# The Budget Process – This Year

- TDA reviews market conditions at Annual Planning Meeting
- TDA gives strategic budget direction to staff, and establishes the Business Objective
- Finance Committee meets to review and approve budget assumptions; presented at April board meeting
- Staff prepares scope and budget for each element
- Finance Committee reviews draft budget and provides feedback
- Budget is presented to BCTDA in May for public inspection
- Final budget approved by BCTDA in June

# Financial Management (Reserves) Policy

- A fund balance equal to 8% of tax receipts identified for operations (4.5% collections) will be maintained to satisfy state guidelines for county government reserves. This fund will be identified as “State Required Contingency.”
- A designated contingency of 15% of operating expenses will be maintained for crisis management. This fund will be identified as “Designated Contingency.”
- All additional funds will be held in an undesignated fund for non-recurring investments as needed and may be appropriated by the board. This fund will be identified as “Undesignated.”

# Taxable Lodging Sales



Source: Buncombe County

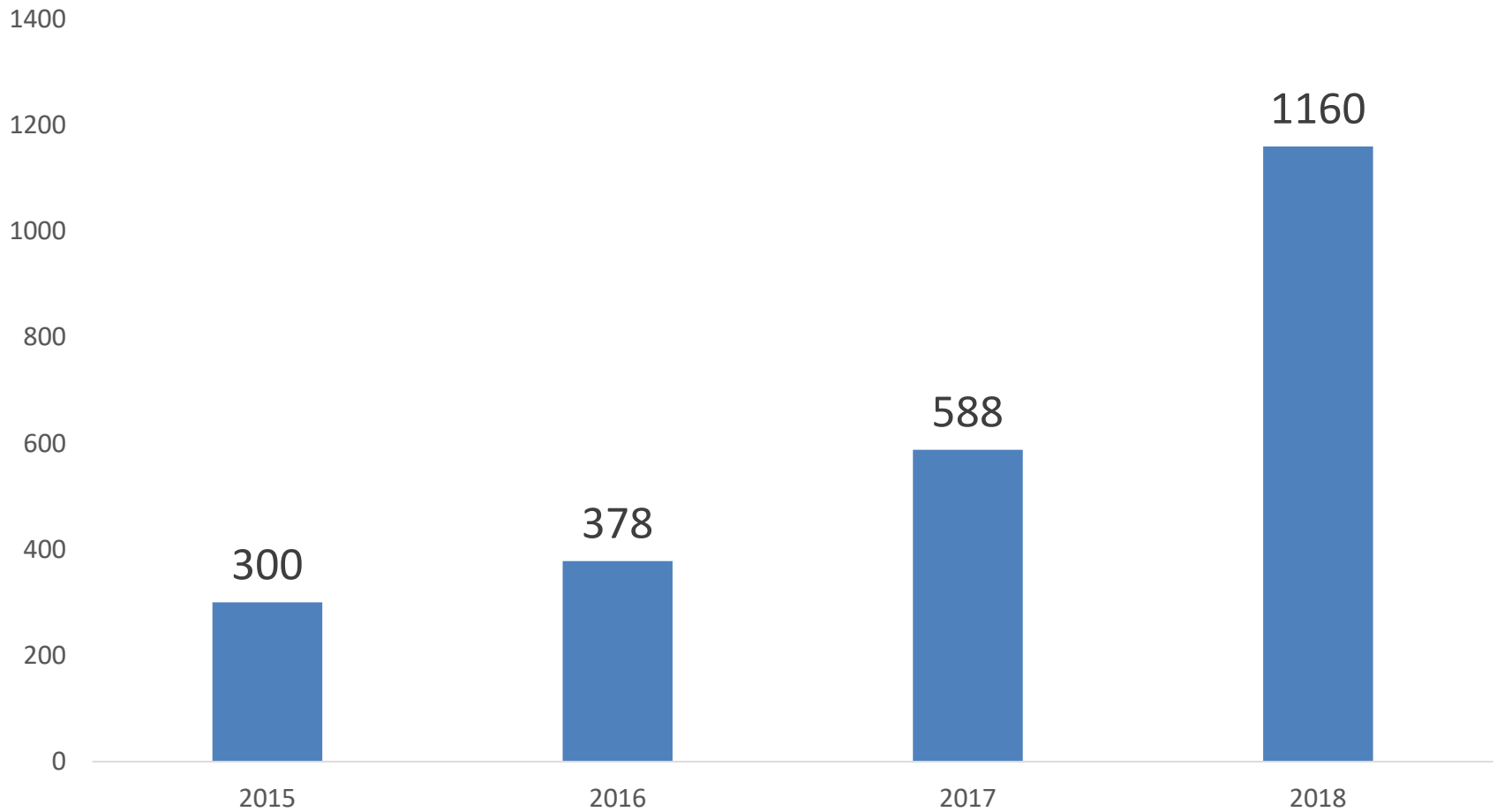
# Total Lodging Sales by Month

	FY 2017	FY 2016	FY 2015	
Month/Category	Total Sales	Total Sales (Same Time Last Year)	Total Sales (Same Time Two Years Ago)	% Change in Sales YoY
July	\$36,729,361	\$31,320,024	\$26,010,702	17.27 %
August	\$32,040,330	\$28,829,141	\$25,533,909	11.14 %
September	\$31,498,527	\$26,026,169	\$21,321,482	21.03 %
October	\$42,342,879	\$35,628,100	\$31,807,734	18.85 %
November	\$29,254,363	\$24,588,311	\$21,488,590	18.98 %
December	\$29,614,166	\$25,984,120	\$21,558,681	13.97 %
January	<b>\$15,320,399</b>	<b>\$14,458,137</b>	<b>\$11,953,626</b>	<b>5.96 %</b>
February		\$15,344,713	\$11,858,299	
March		\$21,960,208	\$17,459,674	
April		\$28,014,406	\$23,073,758	
May		\$27,964,329	\$25,282,168	
June		\$31,459,341	\$27,506,206	
<b>Grand Total*</b>	<b>\$216,800,025</b>	<b>\$311,576,998</b>	<b>\$264,854,828</b>	<b>16.04 %</b>

# Short Term Rentals

- Potentially increasing market share
- Remits occupancy tax
- Will there be an effect on occupancy?
- Could that effect reduce ADR and overall lodging revenue?

# Hotel Development Pipeline





# TDA Business Considerations

- Operating expenses for new organization/location are materializing
  - Health insurance expense probably stable
  - Business insurance up, but not significant
  - County contracts in development
  - Visitor Center services contract in discussion with Chamber
- Budget is driven by media investment
  - Very difficult to cut the budget mid-year: less salary driven than an operations-based business
  - Agency support under review to “reset”
- “Undesignated” reserves transfer to “State Required Contingency” and “Designated Contingency”
  - \$230,000 per \$1,000,000

# TDA Business Considerations

- Revenue is collected across inventory of 90 hotels and 50 B&Bs and not representative of a selection of individual properties
- Balance between setting an aggressive budget that maximizes marketing resources, and managing the risk of falling short
- FY 16-17 budget
  - \$14,400,00
  - \$215,000 Budget Resolution for Winter Campaign

# Staff Recommendation

- Establish conservative Revenue Objective of 5% (increase in occupancy tax revenue)
  - Approximately \$15.7 million operating budget
- Consider Budget Resolutions based on lodging sales and market conditions to supplement media investment, or to fund one-time expenses
- Budget wayfinding maintenance and enhancement as TPDF administration