



# Department of Planning & Sustainability

**COMMISSIONER**  
Katherine Borgella  
**DEPUTY COMMISSIONER**  
M. Megan McDonald

121 E. Court St, Ithaca, N.Y. 14850 | Phone: (607) 274-5560 | [tompkinscountyny.gov/planning](http://tompkinscountyny.gov/planning)

**TO:** Housing and Economic Development (HED) Committee  
**CC:** Strategic Tourism Planning Board (STPB)  
**FROM:** Nick Helmholdt, Principal Planner / Tourism Program Director  
**DATE:** June 25, 2024  
**SUBJECT:** 2025 Tourism Program Budget Proposal

## Action Requested

No action is requested at this time. This memo contains the 2025 Tourism Program budget as reviewed and recommended by the Strategic Tourism Planning Board (STPB). The budget proposal has been submitted in OpenGov and will be reviewed with County Administration in the coming weeks.

## Background

### *2025 Tourism Program Expense Overview*

| <b>Category</b>           | <b>Amount</b> |
|---------------------------|---------------|
| Grants                    | \$802,200     |
| Grant Administration      | \$36,620      |
| Annual Programs           | \$313,600     |
| General Operating Support | \$150,000     |
| Long-term Contracts       | \$2,435,520   |
| Other                     | \$542,031     |

### *2025 Room Tax Revenue Forecast*

The 2025 Tourism Program budget is solely funded by hotel room occupancy tax (room tax). All Tompkins County lodging establishments, including hotels, motels, inns, bed and breakfasts, and short-term rentals, are required by local law<sup>1</sup> to collect a 5% ad valorem room tax. The law authorizes the County to use 10% of the room tax collected for administrative purposes. As the official advisory board on this matter for the County Legislature, the STPB is charged with preparing annual recommendations for room tax revenue and its allocation.

The STPB Budget Committee has prepared a projection of room tax for 2025. The committee forecasts that \$4,280,000 in room tax will be collected in 2025. This represents a slight decrease from the 2024 forecast. The 2025 room tax revenue projection is based on analysis of several sources, including local and national hotel performance forecasts<sup>2</sup>, historic Tompkins County room tax revenues, local hotel industry data from Smith Travel Research, local short-term rental data, data gathered by the Convention and Visitors Bureau, and other local considerations. The room tax forecast assumes the following:

<sup>1</sup> L.L. No. 4-1989 <https://ecode360.com/8412557>

<sup>2</sup> US Travel Association Biannual Forecast: Summer 2023  
[https://www.ustravel.org/sites/default/files/2023-06/us\\_travel-forecast\\_summer2023.pdf](https://www.ustravel.org/sites/default/files/2023-06/us_travel-forecast_summer2023.pdf)

- Hotel occupancy will remain similar to 2024, with quarterly occupancy rates likely ranging from 41% (Q1) to 69% (Q3).
- Hotel average daily rates (ADR) will increase modestly during the first and fourth quarters due to demand generated by the conference center, with quarterly ADRs likely ranging from \$136.67 (Q1) to \$198.67 (Q3).
- No new hotels are expected to open in 2025.
- The recently adopted Short-term Rental ordinance in the City of Ithaca is expected to result in a net loss of lodging supply in the county. Between one quarter and one half of the properties currently being used for short-term rentals in the city are expected to stop operating as lodging.
- The rates of tax-exempt business will stay near the long-term average.
- Other factors affecting the 2025 forecast room tax include:
  - 2025 is not a leap year, which means one less day of room tax collection in Q1 compared to 2024.
  - 2025 is anticipated to be the first full year of operations for the conference center.

### 2025 Quarterly Room Tax Targets

The quarterly targets below are intended to help the STPB understand how actual room tax collections compare to projections throughout the year. The targets were developed using historical data on hotel occupancy and room rates.

| 2025         | Hotel Forecast<br>(>10 rooms) | BnB Forecast<br>(<11 rooms) | Total Room Tax Forecast |
|--------------|-------------------------------|-----------------------------|-------------------------|
| Q1           | \$384,560                     | \$115,040                   | \$499,600               |
| Q2           | \$764,700                     | \$240,670                   | \$1,005,370             |
| Q3           | \$1,130,010                   | \$434,550                   | \$1,564,560             |
| Q4           | \$921,580                     | \$288,890                   | \$1,210,470             |
| <b>Total</b> | <b>\$3,200,850</b>            | <b>\$1,079,150</b>          | <b>\$4,280,000</b>      |

### Recent Room Tax Budget and Collection History

|      | Room Tax Budget Projection | Room Tax Collected |
|------|----------------------------|--------------------|
| 2018 | \$2,754,484                | \$2,924,581        |
| 2019 | \$2,935,000                | \$2,949,079        |
| 2020 | \$3,050,760 <sup>3</sup>   | \$1,239,264        |
| 2021 | \$1,906,955                | \$3,008,998        |
| 2022 | \$2,400,000                | \$4,202,864        |
| 2023 | \$3,320,000                | \$4,158,525        |
| 2024 | \$4,442,000                | TBA in Jan. 2025   |

### Reserves

The STPB policy on budget reserves and surpluses is [available online](#). The policy sets a target minimum reserve balance of 25% of the average of the current year's forecast room tax collection and the past two years' actual room tax collection. The reserve target for 2025 is calculated as follows:

<sup>3</sup> Adjusted to \$1,852,150 following onset of pandemic.

$$\begin{aligned}
& \$4,442,000 + \$4,158,525 + \$4,202,864 = \$12,830,388 \\
& \$12,830,388 / 3 = \$4,267,796 \\
& 0.25 * \$4,267,796 = \$1,066,949
\end{aligned}$$

As of this this writing, the reserve balance stands at \$1,157,354. This is \$90,404 above the target amount. The STPB budget committee has recommended increasing the reserve balance to a level that would allow the Tourism Program's annual expenses to be covered by previous years' reserves, rather than relying on current year's collections. This would require approximately \$3.1 million in additional funding. However, the draft budget does not propose any additional contributions to the reserves.

***Summary of Funds Available for 2025 Tourism Program***

|       |  |                        |
|-------|--|------------------------|
| +     | Projected Room Tax Revenue                       | \$4,280,000            |
| -     | Deposit to Reserves (see above)                  | \$0                    |
| -     | County Tax Administration (10% of room tax)      | \$428,000              |
| -     | Strategic Planning & Staffing (see below)        | \$110,861 <sup>4</sup> |
| <hr/> |  |                        |
| =     | Projected Room Tax Available for Tourism Program | \$3,741,139            |

***Long-term Contracts***

Two multi-year contracts also significantly affect the proposed 2025 Tourism Program budget: the Ithaca Downtown Conference Center agreement and the Ithaca/Tompkins County Convention and Visitors Bureau (CVB aka Visit Ithaca) operation agreement.

In 2020, the Tompkins County Legislature authorized a 30-year agreement with the City of Ithaca to support the conference center's operation. This agreement requires the County to pay 4% of its gross hotel room occupancy taxes to the City.

In 2023, the Tompkins County Legislature approved a five-year agreement with the Tompkins County Chamber of Commerce for the operation of the Ithaca / Tompkins County Convention and Visitors Bureau (CVB aka Visit Ithaca). This contract sets annual payment amounts for the CVB from 2024 to 2028.

***STPB Budget Committee Findings***

The STPB bylaws define the responsibility and composition of the Budget Committee. In 2024, the Budget Committee consisted of Marian Ware (committee chair), Brett Bossard (STPB chair), Teri Tarshus, Jeff Golden, and Greg Mezey. Katherine Borgella, Mike Sigler, and Kelli Cartmill also served on the committee as ex-officio / non-voting members. The committee has held four meetings to date.

The overall forecast for travel and tourism in 2025 is cautious. Committee members were reluctant to anticipate substantial growth due to a variety of factors.

Much of the economic recovery from the Covid-19 pandemic has been realized, and there is little room for growth in local hotel rates compared to recent years. Moreover, new travel demand generated from the conference center is expected to be modest in early years as the operator and CVB work to convert leads into bookings. Additionally, hotels and motels report they are operating with fewer staff than customary. Workforce limitations continue to constrain the tourism sector.

---

<sup>4</sup> Does not include \$3,170 in incidental expenses. Starting in 2025 expenses such as postage, printing, travel/training, and food are included in budget unit 6475 instead of budget unit 8020. Salary and fringe associated with the Tourism Program Director continue to be included in budget unit 8020.

Perhaps the most significant local change relates to the City of Ithaca's recently adopted short-term rental ordinance. The ordinance would limit the operation of short-term rentals to locations also occupied as a primary residence. Enforcement of this ordinance could result in a substantial reduction in lodging supply.

However, the committee remains confident that long-term drivers of tourism demand will continue into 2025. Locally, academic institutions and outdoor recreation opportunities are expected to be the main drivers of growth in 2025. Tompkins County has several core strengths as a destination, and the committee expects these will continue to drive travel demand through 2025.

The committee continued the practice of budgeting approximately 60% of available funds for marketing and 40% for product development. In the proposed budget, 64.9% of available funds are allocated for marketing, while 35.1% of funds are allocated for product development. (Items listed under "Other Expenses" do not count toward either marketing or product development.)

### *2025 Budget Requests*

The Tompkins County Tourism Program issued a "Notice of Funding Availability" (NOFA) on March 21, 2024. The NOFA was publicized through various channels, including the County's webpage, email newsletter, press release, and direct email outreach to eligible organizations. Using preliminary estimates of room tax revenue, known 2025 expenses, and estimated grant allocations, the NOFA indicated that between \$267,000 and \$354,000 would be available to allocate in the 2025 Tourism Program budget.

Seven applicants, including six nonprofit organizations and one County department, responded to the NOFA by the April 18 deadline. Their combined funding requests totaled \$627,297, significantly exceeding the amount of unallocated room tax the Budget Committee anticipated for 2025. Following a review of these requests, the STPB Budget Committee discussed priorities, examined alternatives, and developed the proposed budget.

#### **Community Arts Partnership (4 budget requests)**

- **ACOD Grant Administration**

CAP requested funding to continue administering the Arts and Culture Organizational Development (ACOD) grant program. The applicant noted that these grants support organizations offering year-round programming, which in turn encourages visitors to extend their trips to Tompkins County. The Budget Committee recommended allocating \$16,620 for grant administration and an additional \$330,000 for ACOD grant awards.

- **General Operating Support**

CAP sought operating support funding to cover the costs of various cultural initiatives, including the Greater Ithaca Arts Trail, Spring Writes Literary Festival, Ithaca Artists Market, and the ArtSpace Gallery. The Budget Committee recommended allocating \$50,000 for this activity.

- **Market the Arts**

CAP requested funding to continue operating the Market the Arts program, which enables the organization to advertise various cultural offerings to regional travel markets, with emphasis on those that benefit individual artists. The Budget Committee recommended allocating \$30,000 for this purpose.

- **Public Art**

CAP requested funding to support its ongoing effort to commission high-profile public art installations. Documents submitted indicated that this effort has a current unencumbered fund balance of over \$9,000. The Budget Committee recommended suspending this activity in the 2025 budget.

### **Cornell Cooperative Extension of Tompkins County / Community Beautification**

CCE Tompkins requested funding to continue its operation of the Community Beautification Program. The organization maintains over 25 planting sites across the county. The Budget Committee recommended allocating \$150,000 for this activity.

### **Downtown Ithaca Alliance (2 budget requests)**

- **Festivals Program**

DIA requested funding to continue its Festivals Program, which provides support to event organizers through consultation, training, and equipment lending throughout the county. Members of the committee noted that the organization lacked the staffing and physical capacity to operate the program as it is currently set up.

The committee has modified its recommendation to include partial funding in 2025. This funding is intended to allow the program to maintain its inventory of equipment and transition to become a more self-sufficient operation. The committee requested that the STPB Planning & Evaluation Committee conduct a review of the program later this year.

- **Downtown Ambassadors Program**

DIA requested funding to continue and substantially modify its operation of the Downtown Ambassadors Program. The modified program expands the staffing requirement significantly. The Budget Committee recommended \$48,600 for this purpose.

### **Finger Lakes Trail Conference / Tompkins County Trail Town**

FLTC presented its first funding request to the Tourism Program, aiming to establish a "Trail Town" program catering to long-distance hikers in Tompkins County. This proposed initiative would build connections between hikers and local businesses capable of meeting their needs, simultaneously raising the county's profile as an outdoor recreation destination. The Budget Committee recommends that the organization apply for a Tourism Advancement grant this fall or a Tompkins Outdoors Grant in 2025.

### **Greater Ithaca Activities Center / Hospitality Employment Training Program**

GIAC submitted its first funding request to the Tourism Program to continue operating the Hospitality Employment Training Program. (A 2023 Strategic Tourism Implementation grant is currently supporting this program in 2024.) This program equips participants who face barriers to employment with the essential skills necessary to enter the hotel and restaurant workforce. The Budget Committee recommended allocating \$50,000 for this activity.

### **Ithaca Area Economic Development / Tourism Capital Grant Administration**

IAED requested funding to continue administering the Tourism Capital grant program. The applicant noted that these grants serve a wide variety of tourism attractions throughout Tompkins County. The Budget Committee recommended allocating \$20,000 for grant administration and an additional \$250,000 in grant awards.

### **Ithaca Tompkins International Airport / Airport Marketing and Operational Support**

County leadership requested that funding for the marketing and operation of the Ithaca/Tompkins International Airport (ITH) be included in the 2025 Tourism Program budget. Despite being an enterprise fund in the County's budget, the airport has sought support from the County budget in recent years due to

airline revenues not fully recovering following the pandemic. The Budget Committee recommended \$100,000 for this purpose.

### **Tompkins County Workforce Development / Hospitality and Tourism Workforce Initiative**

TCWD requested funding to continue its Hospitality and Tourism Workforce Initiative, which connects hospitality employers to employment training programs, and creates a career awareness strategy for youth as it relates to hospitality and tourism. Members of the committee expressed a desire to see a more direct and measurable impact from this investment in the hospitality industry.

The Budget Committee modified its recommendation and has proposed partial funding in 2025 to develop hospitality staff relationships over the coming year. Additionally, the committee also asked that the STPB Planning & Evaluation Committee review the topic of workforce development later this year.

### **Strategic Planning and Staffing.**

This line item covers all payroll, fringe, and incidental expenses associated with the Tourism Program Director position. Starting in 2025 many of the incidental expenses will be allocated in budget unit 6475 (room tax) instead of 8020 (Department of Planning and Sustainability).

### **Budget Implications**

All Tourism Program activities are supported through hotel room occupancy tax. The Tourism Program director and STPB monitor quarterly room tax reports to ensure that funds are available. All Tourism Program contracts are contingent upon fund availability.

### **Contact**

- Nick Helmholdt, Tourism Program Director / Principal Planner  
[nhelmholdt@tompkins-co.org](mailto:nhelmholdt@tompkins-co.org) 607-274-5560

### **Attachments and Links**

- Recommended 2025 Tourism Program Budget Table
- 2025 County Budget Book – Room Tax Page
- [STPB Policy on Budget Reserve and Surplus Hotel Room Occupancy Tax](#) (Sept. 2023)

| Program Name                                   | 2024 -<br>Adopted | 2025<br>Request* | 2025 -<br>STPB<br>Reco. | NOTES |
|--|-------------------|------------------|-------------------------|-------|
| <i>ACOD Grants</i>                             | 328,200           | 339,100          | 330,000                 |       |
| ACOD Grant Admin                               | 17,050            | 17,220           | 16,620                  |       |
| Beautification                                 | 147,524           | 183,477          | 150,000                 |       |
| Placemaking                                    | 20,000            | -                | -                       | A     |
| Downtown Ambassadors                           | 47,195            | 100,000          | 48,600                  |       |
| <i>Capital Grants</i>                          | 292,000           | 296,000          | 250,000                 |       |
| Capital Grant Admin                            | 18,000            | 28,000           | 20,000                  |       |
| Community Arts Partnership (GOS)               | 48,800            | 54,000           | 50,000                  |       |
| <i>Community Celebration Grant</i>             | 35,000            | 40,000           | 35,000                  |       |
| <i>Tourism Advancement Grant: Projects</i>     | 90,000            | 95,000           | 82,700                  | D     |
| <i>Tompkins Outdoors Grant</i>                 | 65,000            | 55,000           | 54,500                  |       |
| Festivals                                      | 40,000            | 45,000           | 15,000                  | D     |
| Hospitality Workforce Development              | 40,000            | 50,000           | 20,000                  | D     |
| Public Art                                     | 10,000            | 7,500            | -                       | B     |
| Wayfinding                                     |                   | -                | -                       | A     |
| Trail Towns                                    |                   | 21,500           | -                       | B     |
| Hospitality Workforce Training Program         |                   | 50,000           | 50,000                  |       |
| Conference Center (4%)                         | 177,680           | 171,200          | 171,200                 | C     |
| Convention and Visitors Bureau                 | 2,173,053         | 2,264,320        | 2,264,320               | C     |
| <i>Tourism Advancement Grant: Marketing</i>    | 50,000            | 62,500           | 50,000                  |       |
| Market the Arts                                | 30,000            | 31,000           | 30,000                  |       |
| County Tax Administration (10%)                | 444,200           | 428,000          | 428,000                 | C     |
| Strategic Planning & Staffing                  | 117,405           | 119,760          | 114,031                 |       |
| Market Evaluation                              | -                 | -                | -                       | A     |
| Strategic Plan Update                          |                   | -                | -                       | A     |
| Board Development & Training                   | -                 | -                | -                       | A     |
| Airport Marketing and Operational Support      |                   | 137,500          | 100,000                 | D     |
| <i>Strategic Tourism Implementation Grants</i> | -                 | -                | -                       | A     |
| <b>TOTAL EXPENSESES</b>                        |                   | 4,596,077        | 4,279,971               |       |
| Deficit (-) OR Unallocated Revenue (+)         |                   | (316,077)        | 29                      |       |
| <b>Revenues</b>                                |                   |                  |                         |       |
| Projected Room Tax Revenue                     | 4,442,000         | 4,280,000        | 4,280,000               |       |
| Projected Use of Reserves                      |                   | -                | -                       |       |

**NOTE**

Request\* Request amount shown represents the average of the minimum amount requested and maximum amount requested for each line item. See note C for exceptions.

|                |   |
|----------------|---|
| ACOD Grants    | Grant administration amount now shown separately from funds available for awards to arts and culture organizations. |
| Capital Grants | Grant administration amount now shown separately from funds available for awards to local organizations.            |
| A              | No request received for this line item in 2025.   |
| B              | See attached memo for detail on programs recommended for suspension in 2025.  |
| C              | Amount calculated as a percentage of room tax forecast or fixed in multi-year contract.                             |
| D              | Amount modified in final budget draft prepared on June 7, 2024.   |



**Budgeting 2025 Room Tax Revenues for the Department of Planning & Sustainability**

**Calculating the room tax to be direct budgeted from 41113 to TCDPS and Unallocated Revenues**

|    |           |  |
|----|-----------|--|
| \$ | 4,280,000 | Projected 2025 Room Tax Revenue                    |
|    | 10%       | of Projected Room Tax Revenue                      |
| \$ | 428,000   | for County Tax Administration (per local law)      |
|    | 4%        | of Projected Room Tax Revenue                      |
| \$ | 171,200   | for Ithaca Downtown Conference Center (6475-54802) |

**Places in the budget to find 41113 - Room Tax as revenues:**

| Amount   | Unit # | Department   |
|--|--------|--|
| \$ 3,918,004   | 6475   | Tourism Promotion  |
| <hr/>  |        |  |
| Components of the Planning Department Administration<br>NOT Part of the Administrative 10% |        |  |
| Amount   | Unit # |  |
| \$ 107,277   | 6475   | Tourism Program Director salary and fringe   |
| \$ 2,770   | 6475   | Incidental expenses (service contracts, printing, food, travel/training, mileage etc.) |
| \$ 400   | 8020   | Incidental expenses in DPS budget (office supplies, postage, telephone)                |
| <hr/>  |        |  |
| Amount   | Unit # | Components of the Administrative 10%   |
| \$ 66,004  | 6475   | Community Planning (3 positions)   |
| \$ 16,640  | 1989   | Risk Management (County Administration)  |
| \$ 19,968  | 1310   | Treasury (Budget & Finance)  |
| \$ 26,625  | 1315   | Accounting (Comptroller)   |
| \$ 3,329   | 1420   | County Attorney  |
| \$ 295,434   | 9999   | Unallocated Revenues   |
| <hr/>  |        |  |
| \$ 428,000   |        | 10% of Projected Room Tax  |