

**CARRBORO TOURISM DEVELOPMENT AUTHORITY
PROPOSED BUDGET FY 2013-14**

The Carrboro Tourism Development Authority (CTDA) was established January 15, 2013 when the Board of Aldermen adopted a resolution establishing a hotel and motel room occupancy tax. The CTDA is a public authority subject to the provisions of the Local Government Budget and Fiscal Control Act (LGBFCA). Because the Town's first and only hotel did not open until August 2013, there was no financial activity for the CTDA prior to FY 2013-14.

REVENUES

The primary source of revenues for the CTDA is the hotel/motel occupancy tax levied by the Town of Carrboro. This tax is levied at the rate of 3% of the gross receipts derived from the rental of any room, lodging, or accommodation. The Town on a quarterly basis remits the net proceeds (i.e., gross proceeds less the cost to the Town of administering and collecting the tax) of the occupancy tax to the CTDA.

Because this is the first year of the occupancy tax, there is no historical collection data for use in projecting revenues. Hence, a conservative approach to estimating occupancy tax revenues for FY 2013-14 is warranted. Net occupancy tax receipts for September 2013 were \$5,155. Assuming that monthly occupancy tax receipts for October through June will average \$6,186 (20% above September), revenues for the remaining nine months in the fiscal year are estimated at \$55,674. Including the net receipts for August and September (\$5,573), total occupancy tax revenues for FY 2013-14 are projected to be \$61,247. Interest earnings are expected to be minimal at \$348, for total revenues of \$61,595.

REVENUES

Hotel/Motel Occupancy Tax	\$ 61,247
Interest on Investments	\$ 348
Total Revenues	<u>\$ 61,595</u>

EXPENDITURES

The CTDA is required to use at least two-thirds of the funds remitted to it to promote travel and tourism in Carrboro (Section 8A-4). The definition of "*promote travel and tourism*" is "to advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourist or business travelers to the area. The term includes administrative expenses incurred in engaging in these activities."

The CTDA proposes to use \$41,084 for activities to promote travel and tourism in Carrboro. Two major activities are proposed. One is to provide financial support to local projects and events to enhance, expand, and/or promote them with the goal of increasing tourist to the Town. The second activity is to design, produce, and make available maps and way finding signage to help guide visitors and tourist to the various Town designations.

The CTDA also proposes to provide \$7,090 to the Town of Carrboro to help support the Town's lease of parking spaces at 300 E. Main Street. These parking spaces are available to the public free of charge which encourages increased use of lodging facilities, meeting facilities and retail outlets in the Town.

To comply with requirements of the LGBFCA and provide operating support for CTDA program activities, funds are needed for certain administrative expenses (e.g., audit, fidelity bonds, general liability insurance, advertising, etc.). The Local Government Commission also requires public entities to maintain a fund balance (or rainy day fund) equal to at least 8% of budget. The remainder of funds may be used for tourism-related expenditures, which includes tourism-related capital expenditures.

Promote Travel and Tourism (2/3)		\$ 41,084
Local Projects and Events	21,084	
Maps, Way Finding & Signage	20,000	
Tourism Related		\$ 7,090
300 E Main Parking Contract - TOC	7,090	
General & Administrative		\$ 8,494
Advertising	1,000	
Departmental Supplies	500	
Contractual Services (audit, legal, etc.)	3,000	
Dues and Subscriptions	494	
General Insurance	3,000	
Public Officials Liability Insurance	500	
Fund Balance Reserve (8% per LGC)		\$ 4,928
	Total Expenditures	\$ 61,595

December 2, 2013

Carrboro Tourism Development Authority

Phaedra Kelly, Chair person

Barbara Leedy

Finance Director, Arche L. McAdoo