



FY2021 Budget Message

May 15, 2020

Cabarrus County CVB Board of Directors and Cabarrus County Board of Commissioners:

These are unprecedented times for the hospitality industry. As the FY2021 budget preparations come to an end, the entire world is dealing with the COVID-19 pandemic. This pandemic has impacted so many lives and the financial impact on the hospitality industry have been substantial. We fully expect to come out of this moment in time stronger than ever. The Cabarrus County CVB team is actively planning to welcome back visitors and make Cabarrus County's hospitality industry thrive once again. While the recovery plans will begin at the end of FY2020, they will continue to be executed throughout FY2021. During the budget process decisions were made utilizing the Bureau's Mission and Vision Statements.

MISSION

Drive visitation to Cabarrus County
to generate the maximum impact through hotel stays
and visitor spending.

VISION

To continually grow and sustain
a dynamic travel industry to become the
number one economic force for Cabarrus County

The budget for FY2021 of \$5,075,950 represents a decrease of 13.9% over the FY2020 budget. The following summaries will provide additional detail on how the revenues are recognized and the expenditures are planned.

Lodging revenues are expected to drop by \$349,057 in FY2021. Room Demand and Average Daily Rates are expected to be softer at the beginning of FY2021 due to an expected slower recovery from COVID-19. Prior to the pandemic Cabarrus County was feeling the effects of Charlotte's room supply growth. This growth has reduced the compression impact that Cabarrus County has seen in prior years. From a financial perspective the organization had to dip below its 17% Board Approved reserve policy due to the substantial loss in Occupancy Tax at the end of FY2020. The FY2021 budget provides for a \$450,000 payback to the Bureau's Fund Balance in order to be back in compliance with the reserve requirement at the end of FY2021. We are hopeful the RNC in August 2020 will continue as planned as it would have a significant impact on our destination and hotels. Also, the CVB staff has been actively working with all of the hotel partners to help them rebook lost group meeting and convention business due to the pandemic. Finally, we are thankful to the County for the partnership on the Sports Facility upgrades taking place at several area high schools. The occupancy tax funds being used to pay for these projects will provide a substantial economic impact to the County for years to come.

Respectfully submitted,
Donna Carpenter
President/CEO - Cabarrus County Tourism Authority

Expenditures:

The CVB operates on a zero-based budget; therefore, all revenues received in FY2021 are budgeted to be expended. Expenditures for the CVB are divided into three categories. They are Salary and Wage Expense, Administration and Operations, and Sales and Marketing Activities. The CVB measures its expenditure allocation based on industry standards utilized by Destination Marketing Organizations with similar budgets. The following charts illustrate how expenditures are budgeted in FY2021 against those standards.

