

Experience Prince George's - Fiscal Year 2023 Budget Review Summary

Proposed FY 2023 Operating Budget

Revenue							
Fund	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimate	% Change Est vs App	FY 2023 Proposed	\$ Change	% Change
County Contribution	\$ 1,341,400	\$ 1,228,900	\$ 1,828,900	48.8%	\$ 1,228,900	\$ -	0.0%
Other Sources	697,526	142,000	231,000	62.7%	190,500	48,500	34.2%
Total	\$ 2,038,926	\$ 1,370,900	\$ 2,059,900	50.3%	\$ 1,419,400	\$ 48,500	3.5%

FY 2023 Proposed Budget – Key Highlights

- FY 2023 Proposed Budget for Experience Prince George's (ExPGC) is approximately \$1.42 million, an increase of \$48,500, or 3.5%, above the FY 2022 Approved Budget. The increase is due to an increase in the State grant and higher membership dues, sponsorships, and fundraising.
- ExPGC is primarily funded through an annual County grant in the Non-Departmental section of the budget, which is proposed at \$1.23 million for FY 2023 – the same level as FY 2022.
- The County Contribution represents 86.6% of the total budget for the organization.

Expenditures by Category

Category	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimate	FY 2023 Proposed	\$ Change	% Change
Compensation	\$ 721,154	\$ 690,000	\$ 622,300	\$ 686,000	\$ (4,000)	-0.6%
Fringe Benefits	117,427	117,300	80,000	85,800	\$ (31,500)	-26.9%
Operating Expenses	1,257,749	563,600	1,357,600	647,600	\$ 84,000	14.9%
Total	\$ 2,096,330	\$ 1,370,900	\$ 2,059,900	\$ 1,419,400	\$ 48,500	3.5%

- Compensation is proposed at \$686,000, a decrease of \$4,000, or 0.6%, under the FY 2022 approved level. The decrease is due to reduced salary for a part-time employee, partially offset by an upgrade of the Sales Manager position to Budget Director. Staffing is proposed to remain unchanged.
- Fringe Benefits are proposed at \$85,800, a decrease of \$31,500, or 26.9%, under the FY 2022 approved level. The decrease is due to a rate decrease from 17% to 12.5% to align with anticipated costs.
- Operating Expenses are proposed at \$647,600, an increase of \$84,000, or 14.9%, above the FY 2022 approved level. The increase is due to funding for travel, supplies, equipment, consultants, contracts, insurance, and meeting expenses, as well as an increase in the OIT technology cost allocation. These are partially offset by decreases in advertising, research, and publications.

Organizational Highlights

- ExPGC hopes to conduct a “brand study” to better market the County as tourism destination as soon as funding is available. The last brand study was conducted in 2010.
- Economic indicators: increased hotel occupancy rates, County visitors, tourism employment.
- The Hotel Relief grant program, funded by the Maryland Department of Commerce and administered by ExPGC, awarded \$11,915,589.



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 5, 2022

M E M O R A N D U M

TO: Mel Franklin, Chair
Planning, Housing, and Economic Development (PHED) Committee

THRU: Turkessa M. Green, County Auditor *JMG*
Joseph R. Hamlin, Director of Budget and Policy Analysis *JRH*
AA

FROM: Arian Albear, Legislative Budget and Policy Analyst

RE: Experience Prince George's, Inc.
Fiscal Year 2023 Budget Review (Non-Departmental Grants & Transfer Payments)

Budget Overview

Experience Prince George's (ExPGC) is primarily funded through an annual County grant in the Non-Departmental section of the budget. ExPGC's proposed FY 2023 budget reflects County Grant funding in the amount of \$1,228,900, which remains unchanged from the FY 2022 County approved funding level.

Budget Comparison – Revenue

- FY 2023 proposed revenues for ExPGC total \$1,419,400, an increase of \$48,500, or 3.5%, above the FY 2022 Approved Budget.

Category	Fiscal Year 2022 Approved		Fiscal Year 2023 Proposed		% Change	% Change
	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimate	FY 2023 Proposed		
Other County Income	\$ 1,039,955	\$ 878,900	\$ 1,478,900	\$ 790,300	\$ (88,600)	-10.1%
Hotel Tax Proceeds	301,445	350,000	350,000	438,600	88,600	25.3%
County Contribution	\$ 1,341,400	\$ 1,228,900	\$ 1,828,900	\$ 1,228,900	\$ -	0.0%
State of MD grant Funds	\$ 658,889	\$ 120,000	\$ 201,000	\$ 160,500	\$ 40,500	33.8%
Membership Dues / Sponsorships / Fundraising	38,637	22,000	30,000	30,000	\$ 8,000	36.4%
Other Contributions	\$ 697,526	\$ 142,000	\$ 231,000	\$ 190,500	\$ 48,500	34.2%
Total	\$ 2,038,926	\$ 1,370,900	\$ 2,059,900	\$ 1,419,400	\$ 48,500	3.5%

County Contribution

- The FY 2023 proposed County Contribution to Experience Prince George's is \$1,228,900, the same level of funding as FY 2022. The County Contribution represents 86.6% of the organization's total budget.

- The County Contribution is composed of County revenue from two sources discussed below:
 - General County Sources – proposed at \$790,300 for FY 2023, a decrease of \$88,600, or 10.1%.
 - In FY 2022, the County granted ExPGC an additional, one-time contribution of \$600,000 for marketing and operations.
 - The Hotel/Motel Tax rate for FY 2023 is 7%. CB-77-2016 requires that at least 5% of the tax levied be reserved for the organization to be used to promote travel and economic development in the County. The FY 2023 expected proceeds from this tax is \$438,600, an increase of \$88,600, or 25.3%, above the prior year's proceeds.
 - Total proceeds from the Hotel/Motel Tax are expected to reach \$8,772,000 for FY 2023, an increase of \$172,000 compared to the FY 2022 estimated revenue.



Other Contributions

- The Maryland State Grant to the organization is provided by the Maryland Tourism Board. The State grant is calculated based on a base amount of \$20,000, a calculation of investment in the County, and tax collection revenues. After a State recalculation, the grant increased by \$81,000 for FY 2022. The FY 2023 proposed grant amount is \$160,500, an increase of \$40,500, or 33.8%, over the FY 2022 approved level.
- Membership Dues, Sponsorships, and Fundraising are proposed at \$30,000, an increase of \$8,000, or 36.4%, over the FY 2022 approved level. The increase is driven by an increase in membership.

Budget Comparison – Expenditures

Category	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimate	FY 2023 Proposed	\$ Change	% Change
Compensation	\$ 721,154	\$ 690,000	\$ 622,300	\$ 686,000	\$ (4,000)	-0.6%
Fringe Benefits	117,427	117,300	80,000	85,800	\$ (31,500)	-26.9%
Operating Expenses	1,257,749	563,600	1,357,600	647,600	\$ 84,000	14.9%
Total	\$ 2,096,330	\$ 1,370,900	\$ 2,059,900	\$ 1,419,400	\$ 48,500	3.5%

Expenditure Categories								
Category	FY 2021 Actual	FY 2022 Approved	FY 2022 Estimate	FY 2023 Proposed	\$ Change	% Change		
Compensation	\$ 721,154	\$ 690,000	\$ 622,300	\$ 686,000	\$ (4,000)	-0.6%		
Fringe Benefits	117,427	117,300	80,000	85,800	(31,500)	-26.9%		
Sub-Total	<u>\$ 838,581</u>	<u>\$ 807,300</u>	<u>\$ 702,300</u>	<u>\$ 771,800</u>	<u>\$ (35,500)</u>	<u>-4.4%</u>		
<i>Operating</i>								
Travel	\$ 251	\$ 5,000	\$ 10,000	\$ 10,000	\$ 5,000	100.0%		
Operations (Supplies, Equipment, MIS)	76,164	30,000	60,000	60,000	30,000	100.0%		
OIT Charges	23,000	54,000	54,000	57,400	3,400	6.3%		
Consultants/Contracts/Insurance	212,279	50,000	200,000	131,700	81,700	163.4%		
Meeting Expense	7,243	5,000	7,500	7,500	2,500	50.0%		
Sub-Total	<u>\$ 318,937</u>	<u>\$ 144,000</u>	<u>\$ 331,500</u>	<u>\$ 266,600</u>	<u>\$ 122,600</u>	<u>85.1%</u>		
<i>Marketing</i>								
Advertising	\$ 917,984	\$ 389,600	\$ 997,900	\$ 357,900	\$ (31,700)	-8.1%		
Research	8,150	10,000	8,200	8,100	(1,900)	-19.0%		
Publications	4,525	10,000	10,000	5,000	(5,000)	-50.0%		
Trade Shows	4,628	5,000	5,000	5,000	-	0.0%		
Events/Promotions	3,525	5,000	5,000	5,000	-	0.0%		
Sub-Total	<u>\$ 938,812</u>	<u>\$ 419,600</u>	<u>\$ 1,026,100</u>	<u>\$ 381,000</u>	<u>\$ (38,600)</u>	<u>-9.2%</u>		
Total Operating & Marketing	<u>\$ 1,257,749</u>	<u>\$ 563,600</u>	<u>\$ 1,357,600</u>	<u>\$ 647,600</u>	<u>\$ 84,000</u>	<u>14.9%</u>		
Total Expenditures:	\$ 2,096,330	\$ 1,370,900	\$ 2,059,900	\$ 1,419,400	\$ 48,500	3.5%		

Staffing, Compensation, and Fringe Benefits

Funded Positions				
	FY 2022 Staffing Level	FY 2023 Staffing Level	Change Amount	Percentage Change
Full-Time	6	6	0	0.0%
Part-Time	1	1	0	0.0%
Total	7	7	0	0.0%

- The FY 2023 proposed budget includes funding for six (6) full-time employees and one (1) part-time employee. All staff are partially funded by County sources.
- Compensation: For FY 2023, Compensation is proposed at \$686,000, a decrease of \$4,000, or 0.6%, under the FY 2022 level due to reduced salary for a part-time employee (\$11,000 decrease), partially offset by a salary adjustment to upgrade the Sales Manager position to a Budget Director (\$7,000 increase). The FY 2023 Proposed Budget does not include funding for salary enhancements.
- Fringe Benefits: For FY 2023, Fringe Benefits are proposed at \$85,800, a decrease of \$31,500, or 26.9%, under the FY 2023 level due to a rate decrease to align with anticipated costs.
- Compensation and Fringe Benefits represent 54.4% of the organization's total budget.

- An organizational chart and a list of current Board Members for Experience Prince George's can be found in the *First Round Responses*, under Attachments B and C.

Operating and Marketing Expenses

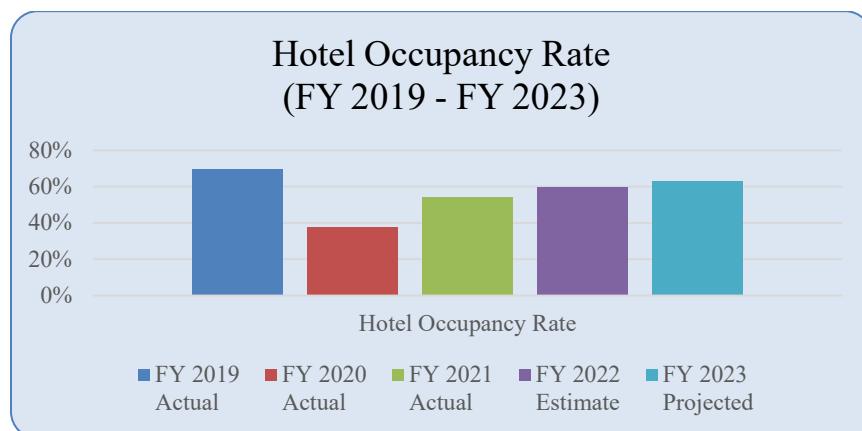
- Operating Expenses: For FY 2023, Operating Expenses are proposed at \$647,600, an increase of \$84,000, or 14.9%, over the FY 2022 level due to increases in travel, supplies, equipment, consultants, contracts, insurance, and meeting expenses as well as higher Office of Information Technology (OIT) charges.
- The FY 2023 Total Operating & Marketing expenditures are proposed at \$647,600, or 14.9%.
- The organization notes that ExPGC is on the lower tier of funding for the capital region Destination Marketing Organizations (DMOs).
- The FY 2023 Proposed Budget for Operating is \$266,600, an increase of \$122,600, or 85.1%.
 - Travel increases are driven by post-pandemic recovery activity.
 - Operations (Supplies, Equipment, MIS) increase is driven by industry memberships moved from "Marketing" to this category. Other increases are anticipated to provide supplies for meetings and trade show.
 - The increase in Consultants/Contracts/Insurance is driven by an audit and branding study. The organization noted that the result of this effort was not as expected, and further research is expected in the future.
 - Contracts are proposed to increase by \$43,100, or 9.2%, over the prior year amount.
- The FY 2023 Proposed Budget for Marketing is \$381,000, a decrease of \$38,600, or 9.2%.
 - Advertising expense includes additional investments in digital and print advertising; sponsorship of sports, meetings, and group tour-related events; and website enhancements. In FY 2022, additional expenses were funded by the County's one-time allocation.

Workload and Performance Trends

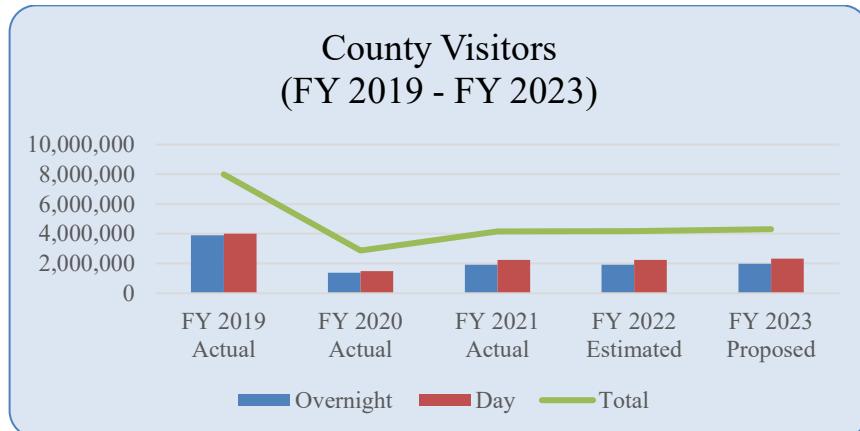
- Experience Prince George's hopes to conduct a "brand study" in the County when funding becomes available. The last brand study was conducted in 2010.
- Through the Hotel Relief grant program, funded by the Maryland Department of Commerce and administered by ExPGC, the organization distributed \$11,915,589. Distribution of grant funds by Councilmanic District is found in the chart on the following page.

Hotel Relief Grant Program		
District	Approved Applicants	Total Grant Awards
1	23	\$ 3,387,090
2	1	\$ 228,855
3	10	\$ 1,756,925
4	13	\$ 1,616,650
5	4	\$ 315,275
6	13	\$ 1,932,045
7	0	\$ -
8	9	\$ 1,940,538
9	4	\$ 738,211
TOTAL	77	\$ 11,915,589

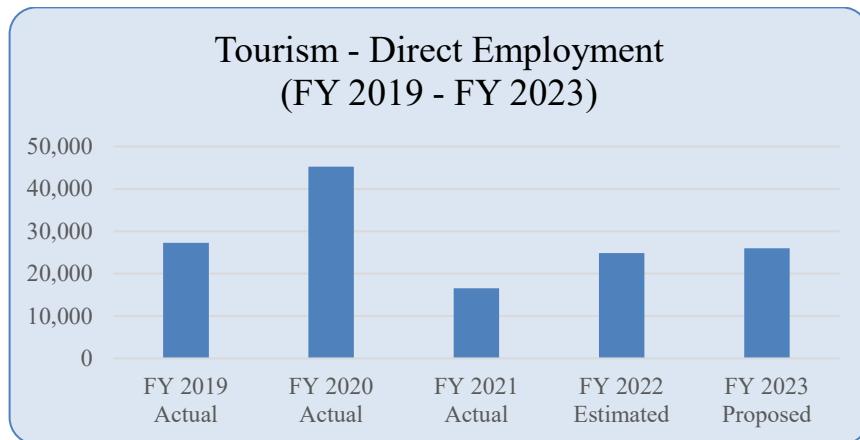
- One of the primary goals of Experience Prince George's is to increase weekend travel and leisure to the County, measured by increasing hotel occupancy rates. Hotel occupancy rates are projected to increase slightly from 60% in FY 2022 to 63% in FY 2023.



- Overnight visitors to the County are proposed to increase to 1,983,280 in FY 2023.



- Direct employment in tourism is projected to increase to 26,000 in FY 2023.



- Another goal of the organization is to attract more sporting and special events. To that order, ExPGC partners with the Office of the County Executive and the Maryland-National Capital Park and Planning Commission (M-NCPPC).
- ExPGC notes that the ongoing COVID-19 pandemic restrictions continue to hamper the industry.
- ExPGC was able to attract and retain several events in the County. A list of past and upcoming events for 2022 can be found in the *First Round Responses*, under Attachment D.
- ExPGC's strategic focus for FY 2023 includes:
 - Extending the brand marketing campaign with new digital advertising in key feeder markets from New York to North Carolina.
 - Identifying and securing non-County funding sources.
 - Increasing traffic, time spent, and click through rate on the ExPGC website via search engine optimization.
- ExPGC produces the exclusive Visitors Guide to Prince George's County, which is a complete source for visitors, new residents, relocating employees and businesses. The guide includes comprehensive information on events, attractions, accommodations, and maps for Prince George's County. The guide is available by request on the ExPGC website.