

Memo

To: Mayor McConnell and Assembly Members

Via: Jay Sweeney, Interim City Administrator

From: Mike Middleton, Interim Finance Director

Date: 9/18/13

Re: Bed tax and the Sitka Convention and Visitors Bureau

The CBS collects a "Bed" tax on all hotel, motel and bed and breakfast rooms rented. This is used to provide funding to the Sitka Convention and Visitors Bureau (SCVB). Historically, the bed tax is estimated in the budget for a given year and based on the estimated revenue; a percentage (92%) is budgeted to be provided to the SCVB. This percentage does vary a bit as the budget is built. The difference between budgeted revenue and actual revenue versus the support provided has not been examined in prior years. If the intent is to provide a specific or even an approximate percentage of support, an analysis should be done annually to determine if the results need to be adjusted based on the actual performance versus the budget. This memo is to document the analysis for fiscal year 2013.

In fiscal year 2013, the budgeted bed tax revenue was \$307,000 with support to SCVB budgeted at \$280,047 (just above 91%). The actual bed tax revenue received in fiscal year 2013 was \$354,158. This drops to support percentage to SCVB to 79%. In order to return to the intended 92%, and additional \$45,778 would need to be provided to SCVB from the surplus of the fiscal year 2013.

Budget Bed tax	Actual Bed Tax	Funding to SCVB	Funding as % of budget revenue	Funding as % of Actual revenue	Additional funding to achieve 92% of actual revenue
307,000	354,158	280,047	91%	79%	45,778