

ART, WINE AND LOCAL INVESTMENT IN THE FINGER LAKES: DESIGNING A COLLABORATIVE STAKEHOLDER TOURISM IN TOMPKINS COUNTY

Victoria Demchak

Master of City and Regional Planning Program, Cornell University | demchak@gmail.com

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INTRODUCTION¹

With tight municipal budgets, finding additional sources of revenue for basic city functions can be difficult - especially for discretionary values like livability, and for developing or maintaining amenities. As a revenue source, tourism can be particularly fickle for a city and its hospitality industry, which is subject to a national market of substitutes and changing tastes. In this sector, which has experienced fasting and feasting in the last decade, Tompkins County, in upstate New York, has established a well-supported taxation mechanism that serves as a consistent funding source for amenities that benefit both local residents and tourists visiting the area.

Tompkins County's strategy leans on a single, common tool for local taxation: the room tax (also known as the hotel or occupancy tax). In the last 26 years, the county's goal of using tourism to fuel economic development has been successful with health tax revenue and local investments that range from science festivals, trails, business associations and an extensive network of museums.

The clear goals of its bed tax and the innovative use of its revenues sets Tompkins County apart from other municipalities. The levy was envisioned to be more than a tax; in the words of its creator, Stu Stein, this tax "would be an engine for economic development" with a single overriding goal: of linking tourism to livability (Stein 2011). This goal resulted in several unique outcomes:

- Developed local amenities and attributes;
- Stabilized existing amenities;
- A broad stakeholder board that sets a strategic, regional direction for tourism

This tax may be politically acceptable to the local hospitality and travel industry because revenue has been dedicated to marketing (60%) and destination development in the area (40%)². This destination development has an expanded lens and a wide representation of local interests from a community-driven stakeholder board, with unique resident benefits including local workforce training.

Following, I will briefly explain the genesis of the tax, analyze its impacts for stabilization and support for local businesses and nonprofits, and highlight the wider, more collaborative view of tourism present throughout.

¹ This paper is developed from my thesis which covers the history and development of strategic, stakeholder-driven tourism in Tompkins County New York. My interest in this topic was piqued by seeing the county's investment in signage, beautification, and placemaking - ranging from new parks to continuous, well-signed city trails that led to resident and tourist destinations. This research was informed by county and state records, including historical budgets and meeting minutes, and substantiated by interviews with partners, colleagues, grant recipients, and board members from different iterations of Tompkins County's tourism planning boards.

² Hotel taxes are generally levied as a fixed percentage of the room cost, and are common throughout US cities, counties, and states, with 47 of 50 states levying them (Bender 2009, Hiemstra and Ismael 1992, Hughes 1981). As non-voters, visitors are politically easy to tax (Weston 1983) and revenue use differs across municipality (Bender 2009). Detractors of these taxes contend that destinations and their hospitality industries suffer from taxes, decreasing hotel occupancy (US Travel Association 2011, The Tax Foundation 2011; Hughes 1981; Bender 2009), and hurt the businesses that serve visitors (Hiemstra Ismail 1993). However, the behavior of Tompkins hospitality supports an opposing interpretation: taxes have made them more competitive.

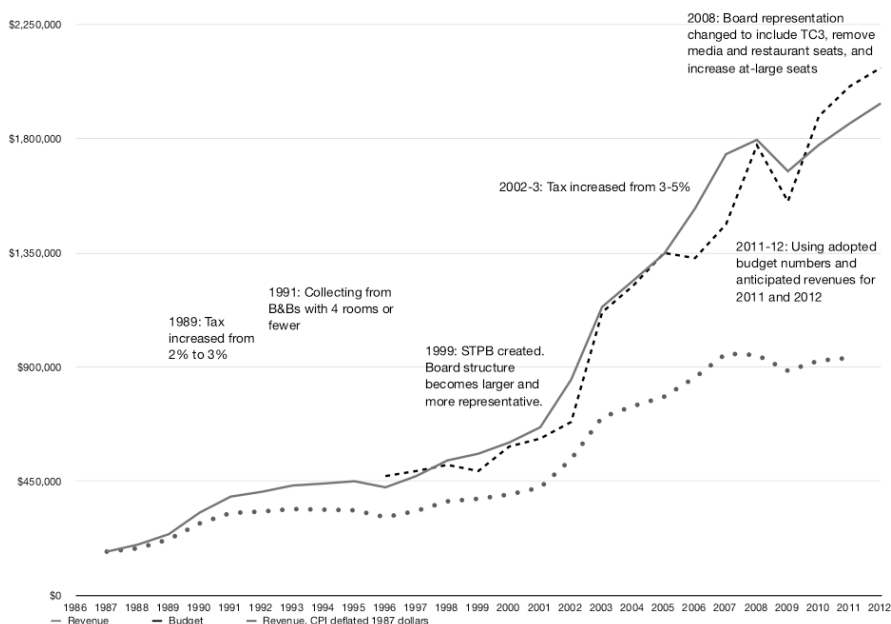
HISTORY AND BOARD COMPOSITION

The bed tax is relatively new: “The Innkeepers,” a local hotel association, successfully passed it in the county legislature, leading to New York's Legislature granting Tompkins County the ability to set occupancy taxes in 1986. But once tax collections arrived at the county, problems arose over distributing the proceeds. Each interest lobbied for its own use: hotels to manage their own marketing, the Chamber of Commerce to promote local businesses and Tompkins County to share benefits (Stein 2011). The county held the funds and elected to keep them, designating a stakeholder group to manage disbursement. The result: the Advisory Board on Tourism Development, which later became the Strategic Tourism Planning Board (Stein 2011) which I refer to as the Board or STPB. Given the initial impetus for the tax and state and regional vacuums for cooperative marketing (Bonn 2011), promotion was—and still is—a majority of the budget.

The history of the occupancy tax shows a pattern of negotiation between businesses, government, and residents to move toward a local tax that supports a wide range of activities beyond tourism promotion. Initially, it was set at 2% and only levied on hotels; presently, 5% is levied on hotels, motels and bed and breakfasts in the county. The tax was raised with industry support in 2002 (Stein 2011, Mink 2011), expanding the marketing and development programs and setting them at 60% and 40% of tax receipts respectively. Since inception, tax collection has increased substantially due to the increased tax rate, hotel development, and growing visitor numbers (Fig 1).

Figure 1: Occupancy Tax Revenues and Board Budgets

Source: Author from STPB budgets³



³ TC3 is Tompkins Cortland Community College.

Distribution of these funds by a local stakeholder board has been a key component of this tax's positive influence. Administering receipts lays outside county government, in an independent board that set a quota for hospitality businesses and has voting members from a cross-section of county business and livability interests. Its initial board comprised seven members, with two members from the county legislature, two from hospitality, two representing arts, and one from the business community. Over time, the board grew to eighteen with new sectors: higher education, agriculture/outdoor recreation; deeper arts representation and non-voting members⁴. The broad-based and inclusive board gains more feedback and has made an increasing number of institutions aware of their roles in tourism.

Figure 2: Stakeholder Seats on the Board

Source: Table created by author from Tompkins County Board of Representatives Minutes

Representatives	ABTD 1989-2001	STPB 2001-2007	STPB 2008-Present
County Legislature	2		
Hotels, motels, inns or restaurants	2		
Hotels or bed and breakfasts		2	
Lodging			2
Arts and culture	2	4	4
Business Community	1		
Media		3	
Restaurants		1	
Education (colleges and universities)		2	3
Retail		2	
Recreation, including agriculture		2	2
At large		2	7
Total Voting Representatives	7	18	18
Nonvoting representatives		6	6, 7 in 2012

The growth of voting members was concurrent with two key changes: a focus on development and an increase in the tax to 5% of room cost. This expanded mission was articulated by two county legislators as: "growing the product in order to grow the program" (Stein 2011, Mink 2011) and growing the product was local economic development. With the initial success of the marketing program, businesses agreed to an expansion of the tax and mission in 2002, resulting in the current 60% used for promotional activities and 40% for local development that would support both tourists and residents (Mink 2011).

⁴ Given such a large program of activities, the Board collaborates with other governmental agencies to administer its priorities. The county economic development agency, Tompkins County Area Development (TCAD), brings technical and capital assistance to new and expanding businesses, and the Community Arts Partnership (CAP) works with nonprofits and artists on shared marketing. Unlike the county CVB, TCAD and CAP did not start working with the Board from its inception. Rather, both organizations received nonvoting representatives after the STPB formed. The six representatives then were from the Chamber of Commerce, Downtown Ithaca Alliance, Convention and Visitor's Bureau, TCAD, CAP, and the County Legislature. A seventh from County Transportation was proposed in March 2012 and is presently on the board.

A key outcome from the expanded composition of the Board has been a flexibility to explore new ways to leverage tourism for livability. These benefits for residents include funding community celebrations, supporting artists throughout the county, and investing in locally important organizations. The Board is a local actor by funding marketing, increasing technical capacity of nonprofit and for-profit businesses and providing incentives for firms to organize by favoring alliances in its grant-making.

In the Board's role as a convener for businesses rooted in Tompkins County, it has fostered constant and consistent contact with other county organizations. Together, these have promoted conditions for increased interaction which can produce trust (Harrison 1991; Wong and Fesenmaier 2008; Getz and Jamal 1994). The Board itself has supported that network by dedicating a portion of its funds to share with groups of businesses or county agencies that hold non-voting seats on the Board.

EXPANDING TOURISM INVESTMENT

This board, whether known as the Advisory Board on Tourism Development (ABTD) (1986-1999) or the Strategic Tourism Planning Board (STPB, established in 2000), expanded the definition of tourism investment by creating a variety of programs that went beyond promotion (Tompkins County, 2012). While a majority of the \$1.92 million budget was directed to traditional marketing, a growing share has been used in marketing and development to nurture new, growing, or transitioning amenities and destinations.

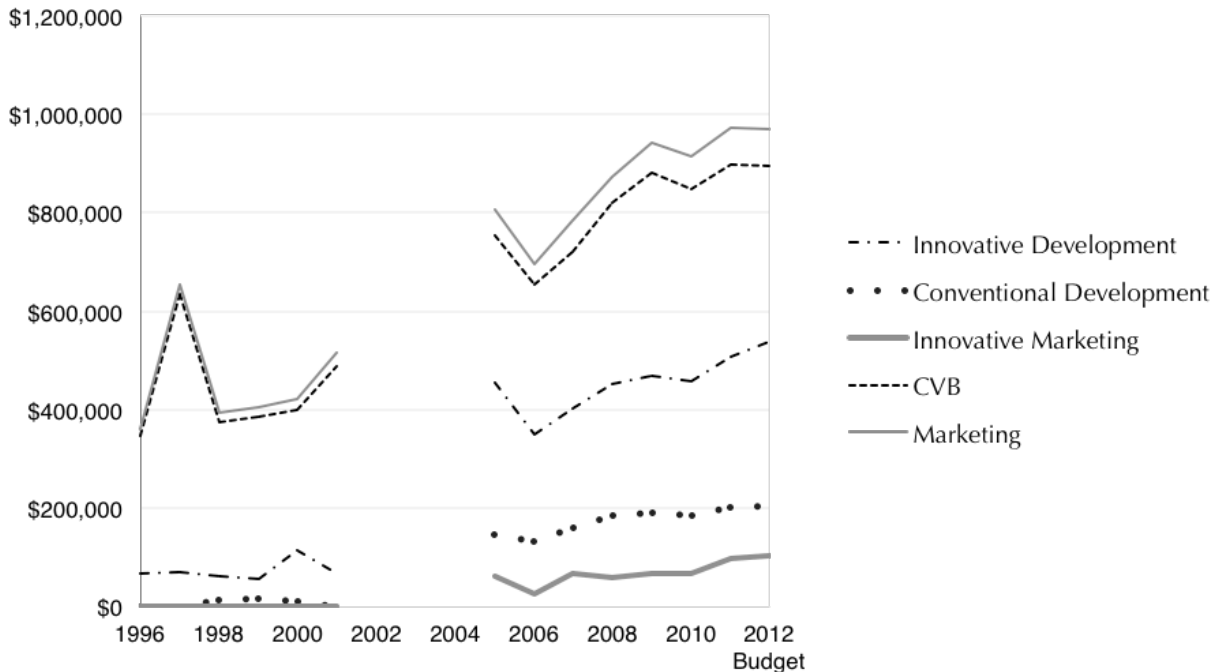
A key feature here has been the separation between promotion and investment. Because funding for long-term development of tourism infrastructure is separate from marketing funds, there is reduced competition between these line items, and tourism marketing is not threatened by an expanding development program. The tourism development budget has supported a mix of local and visitor-serving amenities. In the last several years,

- The Hanger and Kitchen theaters have enjoyed room tax support for expansions and new facilities
- The Finger Lakes Wine Center has received capital and other grants to serve as a regional gateway
- Light in Winter has become a major winter science and art fair
- Ithaca Arts Trail has received support to organize and promote independent artists;
- Cayuga Waterfront Trail has linked parks and businesses on the southern side of Cayuga Lake.

Existing grant programs have included a variety of what I term "innovative investments," focused on developing or stabilizing small businesses and untested tourism projects, workforce development with the Tompkins Cortland Community College, or other funding that goes beyond marketing, beautification, and visitor education. Supporting local innovation takes place in matching grants for marketing new attractions, an annual marketing matching grant for the county's Discovery Trail, and stabilization and capital grants for new and transitioning organizations. As seen below, while the CVB uses the lion's share of the budget, innovative development follows close behind.

Figure 3: Allocations to Conventional and Nonconventional Tourism

Source: Author analysis from STPB Budgets. Unfortunately, granular data on budgets was not available from 1992-1995 or 2002-2003, which leaves out immediate responses to the 2003 room tax increase.

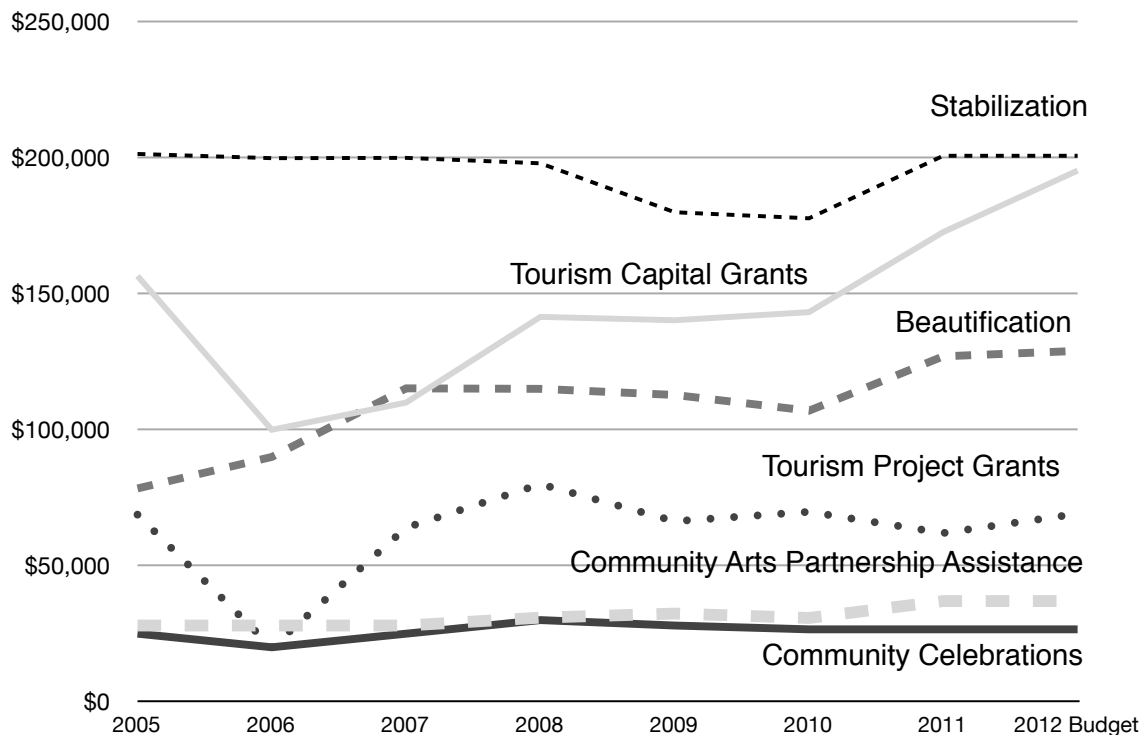


The consistent growth in innovative development after the tax increase bodes well for future investment in new businesses and stabilize existing arts, culture, and other destinations within the county (Tompkins County 2002). Over time, the Board has crafted measures for increased accountability and efficacy, including technical assistance, project management, and multi-year capital grants that will support projects from fundraising, plans, and capital expansions. This ensures predictability and stability for businesses and employees in Tompkins County.

There are no requirements for allocating funds to this innovation, but there are some steady trends shown in Figure 4. First, higher-budget grant programs, stabilization and capital grants, receive the lion's share of funding. These two usually include technical assistance, may involve multi-year projects and provide capital and consultant experience for establishing new businesses or expanding existing enterprises (Bonn 2011).

Figure 4: Fund Allocation for Tourism Development

Source: Chart created by author from STPB budgets.



COLLABORATIVE OUTCOMES: THE DISCOVERY TRAIL

I interviewed a sample of local coalitions to learn how tourism funds support how coalitions interact, overcome hurdles to cooperation and attain shared goals. Coalitions are prioritized in STPB grants and span multiple sectors including museums, nonprofits, and farm-based businesses. They benefit from the STPB as coalitions and as individual organizations. Several of these alliances work primarily in rural areas and may span multiple counties, namely the Cayuga Lake Wine Trail, the Greater Ithaca Arts Trail and the Cheese Trail. The Discovery Trail is a useful example of how the Board supports both individual organizations and coalitions to maintain local institutions that serve visitors and residents.

The Discovery Trail may provide the best example of using tourism monies to further local goals. A consortium of public, nonprofit, and university museums with the Tompkins County Library, the Discovery Trail offers a distinct amenity that shares a collection of knowledge and expertise for multiple audiences. It receives matching grants for marketing, and individual organizations in this group have received grants from other programs run by the STPB for capital campaigns, organizational capacity, and expansion. Direct funding for marketing, maintenance and expansions, and planning have helped support the Discovery Trail.

The Discovery Trail is a membership organization with eight members that have substantial financial disparities. Generously, members support the trail “in a Marxian way, in proportion to means”, depending on endowment and funding (Allmon 2011). These museums cater to many different publics with attractions like the Lab of Ornithology and the Sciencenter, a youth-targeted scientific museum. Together, these museums leverage resources throughout Tompkins County.

Figure 5: Members of the Discovery Trail

Source: Table created by Author.

Institution	Services provided	Affiliation and funding
Johnson Museum of Art	Art Museum, classes, educational support	Cornell University, donations, private endowment
Cornell Lab of Ornithology	Center for research on birds and habitat, manages bird habitat locally, has trails and interpretation	Cornell University, private endowment, research funds, national membership base
Cornell Plantations	Arboretum with interpretive trails	Cornell University, donations
Museum of the Earth	Natural history museum, guided tours, classes	Paleontological Research Institute, which is affiliated with Cornell University
Cayuga Nature Center	Natural history and experiential learning center with classes for adults and children	Soon to merge with Museum of the Earth and PRI. Funding from visitors, programs and membership
Sciencenter	Science and children’s museum	Funding primarily through membership and donations
Tompkins County Library	Library with branches throughout county	Tompkins County, donations
History Center of Tompkins County	Local history center with interpretation across the county	Tompkins County, donations

Some of the success of this program has come from using the Board to channel an existing culture of collaboration. The Discovery Trail was initially came together in 2000 to share programming and explore grant opportunities (Allmon 2011). Given the difficulties of unifying their disparate work, the museums and library continued their collaboration to accomplish another long-term goal: increasing access to their resources for children and families throughout the mostly rural county. The result of this collaboration is “Kids Discover the Trail!” (KDT), a collaborative program with the Ithaca City School District, and the Ithaca Public Education Initiative. KDT brings elementary students to each of the trail members each year with grade-specific programming.

The Discovery Trail itself benefits from the Board with an annual matching grant shared between the institutions (around \$35,000 in 2011) toward advertising outside the county. Members of the Discovery Trail have also benefited from the Board’s work: the Museum of the Earth and the Sciencenter received help for expansions and fundraising. The Board is also helping in the long-term health of the Trail: the Board is in-

vesting in a merger between the Museum of the Earth and the Cayuga Nature Center to keep the Nature Center viable.

This partnership between the Board, the Trail, and its partners has maintained nationally competitive institutions that receive support to use their resources for residents. Further, the local culture of collaboration that supports the Trail and the positive reinforcement from the Board creates a resilient center for learning and education for any visitor.

CONCLUSIONS

While tourism taxes are not known for creating a sensibility of shared achievement, Tompkins County has bucked this trend. Its work to use tax disbursements and grants to build community has facilitated a wider view of tourism that includes more stakeholders, types of investments, and a critical view of how tourism can both benefit residents without harming livability. The programs run by the Strategic Tourism Planning Board bridge government and private actors:

- Bringing together parties interested in tourism and capable of discussing trade-offs and goals
- Acting as an entry for private actors and nonprofits to county services
- Supporting groups that benefit from cooperative marketing, introducing individual artists and businesses to the Board

The resulting collaborative environment promotes tourism as an investment that supports a livable, memorable place.

This tax has clearly been successful from a collections standpoint. Tax receipts have grown steadily since this tax was instituted in 1986. But determining exactly how much this revenue contributed to livability and local quality of life is difficult. The Board measures its work through metrics geared toward the market rather than quality of life or resident satisfaction, making the tourism development portion of its investments difficult to evaluate. This is a known issue on marginal investments in place, as Bonn asked rhetorically, “How do you measure the value of a tulip bulb in a beautification project” (Bonn 2011)?

Regardless, the lesson that traditional tourist amenities could not just be reserved for tourists is widely applicable. Locally successful economic development the Board sponsored hinged on local economic stability, predictability, and amenities for residents and visitors. This made tourism a shared goal throughout the county, resulting in an environment that nurtured local businesses and institutions, and a memorable destination. Instead of the conventional tourism model where spaces are redeveloped for visitor consumption, resulting in “tourist bubbles” that offer a convenient mix of amenities, services and lodging (Judd Feinstein 1999), this model uses a wider community to plan, develop, and maintain a destination. The success of this Board demonstrates a wide vision of tourism, which resulted here in a more resilient destination, college-town, and home.

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